

City of Belmont, California

Comprehensive Annual Financial Report

2014

For the year ended June 30, 2014



CITY OF BELMONT, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

Prepared by
FINANCE DEPARTMENT

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Introductory Section



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City of Belmont

Message from the Finance Director



September 22, 2014

To the Citizens of the City of Belmont, California:

We are pleased to present the City of Belmont's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City, and in particular, the Finance Department. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The following pages in this transmittal are intended to summarize and highlight the City's financial results for the fiscal year just ended and complement the Management's Discussion & Analysis (MD&A) and basic financial statements.

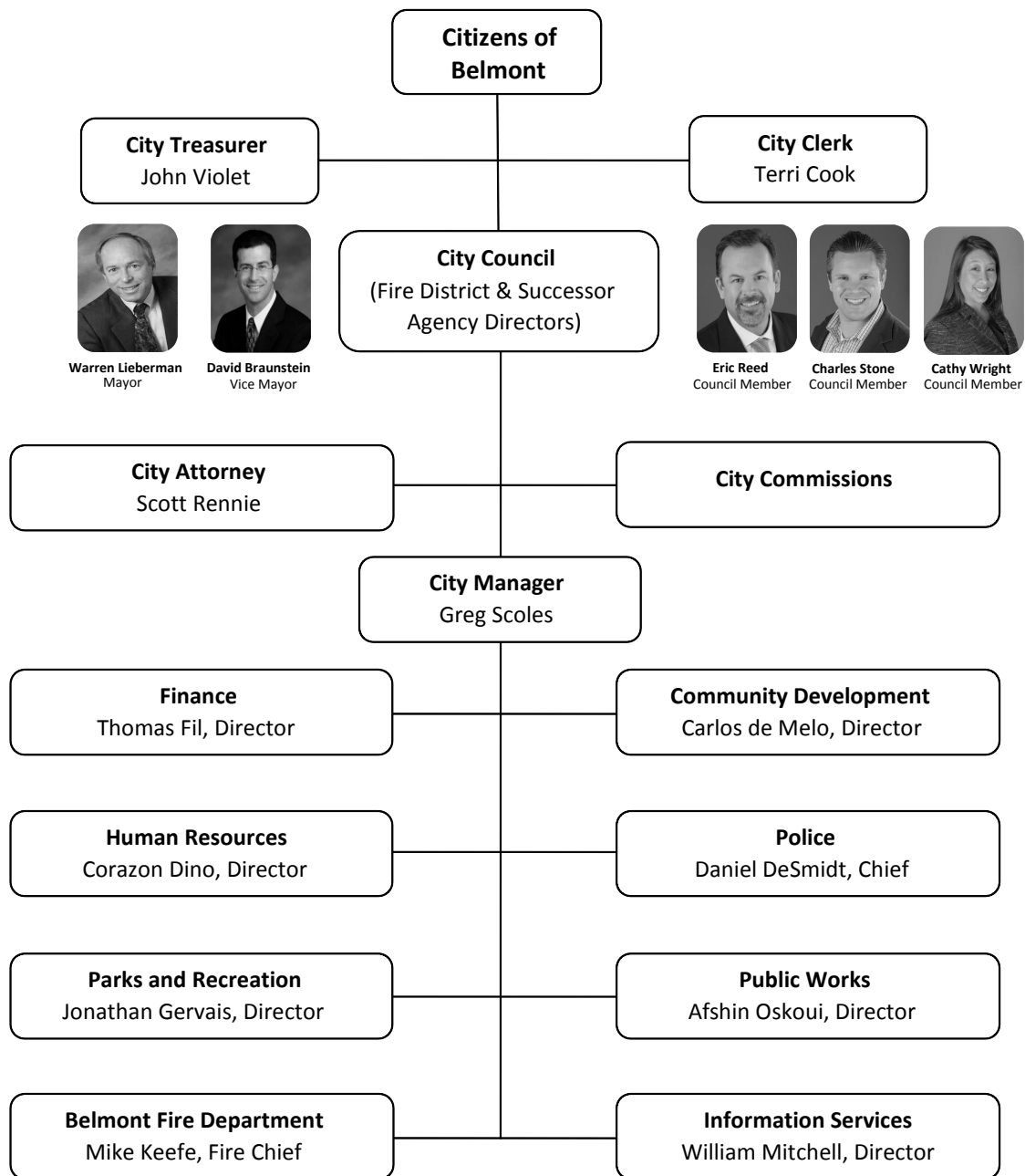
The MD&A, which provides a more comprehensive look at the City's financial results, includes a narrative introduction, overview and analysis. Readers are encouraged to read the MD&A, which can be found immediately following the independent auditor's report in the financial section of the CAFR, along with accompanying basic financial statements.

The preparation of the CAFR was made possible by the dedicated service of the entire staff of the Finance Department. Sincere appreciation is expressed to all those who assisted and contributed to its preparation.

Respectfully,

Thomas E. Fil, CPA, CPFO
Finance Director

Organizational Chart and Principal Officials

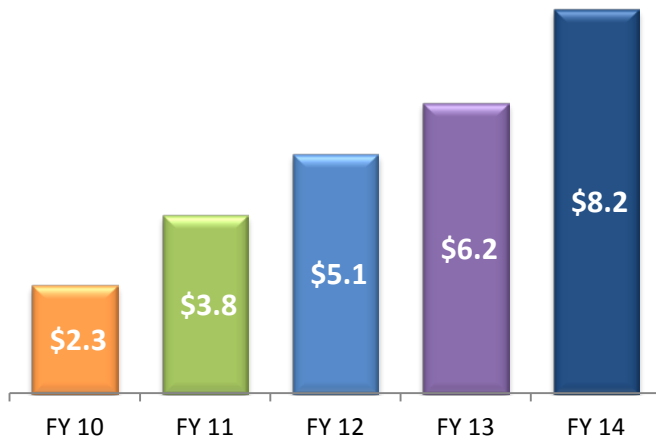


About City of Belmont

The City of Belmont, incorporated in 1926, is located on the San Francisco peninsula, midway between San Francisco and San Jose. The City of Belmont operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and four other members. The City Council is responsible, amongst other things, for passing ordinances, adopting the budget, appointing commissions, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing day-to-day operations of the City, and for appointing the heads of the various departments.

General Fund Results

General Fund Balance Trends



An unprecedented General Fund balance has been reached, but could be threatened by the increasing level of deferred maintenance and infrastructure improvement requirements discussed in greater detail below.

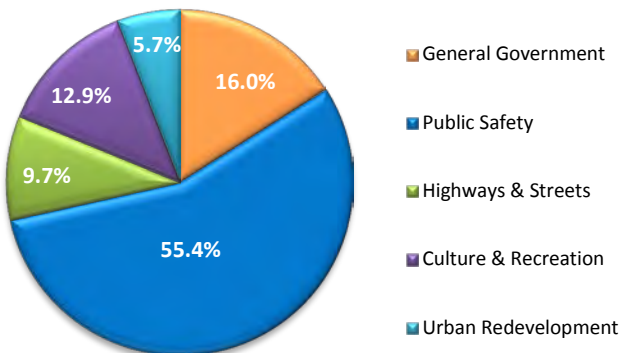
FY 14 Revenues of \$18.3 million were an increase over last year, reflecting an improvement in transient occupancy, sales and property taxes, including redistribution of property taxes from the dissolution of the Redevelopment Agency.

FY 14 Expenditures were managed and below the final budget by \$0.2 million. The savings were achieved through the continuation of sustainable budget correction strategies.

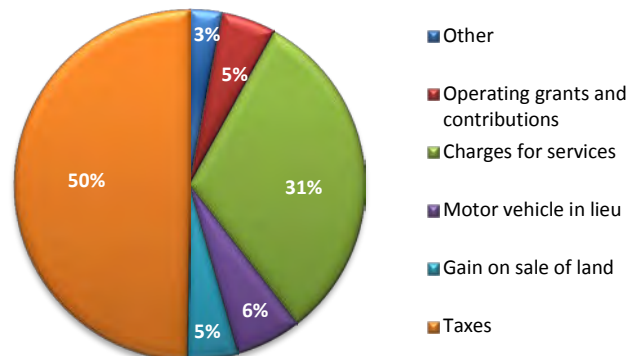
Looking forward, the FY 15 Budget is balanced and the City's five year forecast projects future General Fund balances to be above the minimum reserve requirement and achieving the policy reserve target. Also, funds were strategically sets aside such as: a \$0.7 million to bring the balance to \$1.0 million for Emergency Repairs, \$0.5 million for the General Plan Update, and \$.02 million for Affordable Housing activities.

Governmental Fund Results

Expenditures

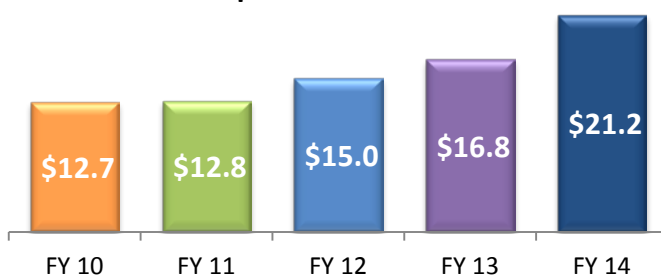


Revenues



Enterprise Fund Results

Enterprise Fund Net Assets



Operating Revenues of \$12.7 million were an increase over last year, reflecting a rate increase of the sewer collection charges.

Expenditures were controlled at \$7.2 million.

Long-Term Debt

At the end of fiscal year 2014, the City had a total of \$20.9 million in long-term debt. Debt related to governmental activities totaled \$0.7 million in capital leases for fire apparatus, while business-type activities debt equaled \$20.2 million in sewer revenue bonds. The existing long-term debt does not include addressing deferred capital maintenance and retirement obligations discussed in greater detail below.

Cash Management

Cash temporarily idle during the year was invested in U.S. Government securities and with the State Treasurer's Local Agency Investment Fund (LAIF).

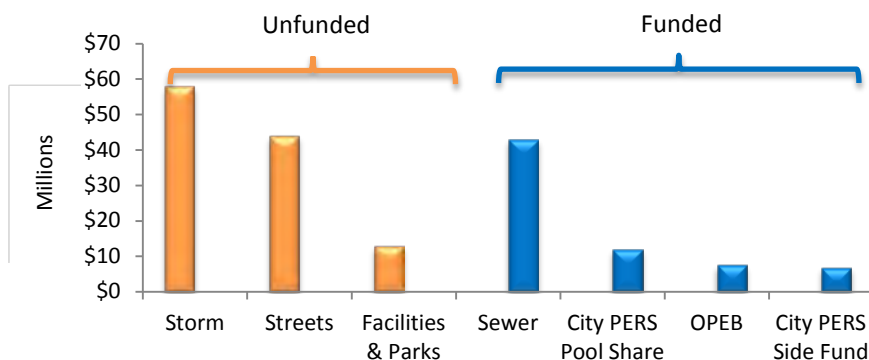
Risk Management

Since 2004, the City has purchased primary workers' compensation insurance with no deductible. All claims from that date are covered 100% by the carrier. Prior to 2004, the City maintained a self-insurance program for workers' compensation. The City also purchases commercial insurance against general liability above the City's self-insured retention of \$250,000.

Capital and Retirement Obligations

Despite the City's General Fund rebound, the increasing level of deferred maintenance and infrastructure improvement requirements are prodigious and need attention. As such, the City Council has established a top priority to identify sources of funding to address the \$158 million identified in deferred maintenance. Moreover, an Infrastructure Repair Ad-Hoc Committee has been appointed to spearhead efforts and consider alternatives which best suit the community in resolving the growing deferred capital problem which, if left unattended, could expose the City's General Fund to unreasonable risk in the event of failure.

The chart below summarizes the City's estimated capital and retirement obligations as of June 30, 2014. The "Unfunded" items currently have no identified funding source and remain a matter of serious concern. By contrast, the "Funded" items are obligations with identified funding sources, such as sewer rates or PERS and OPEB annual required contributions.

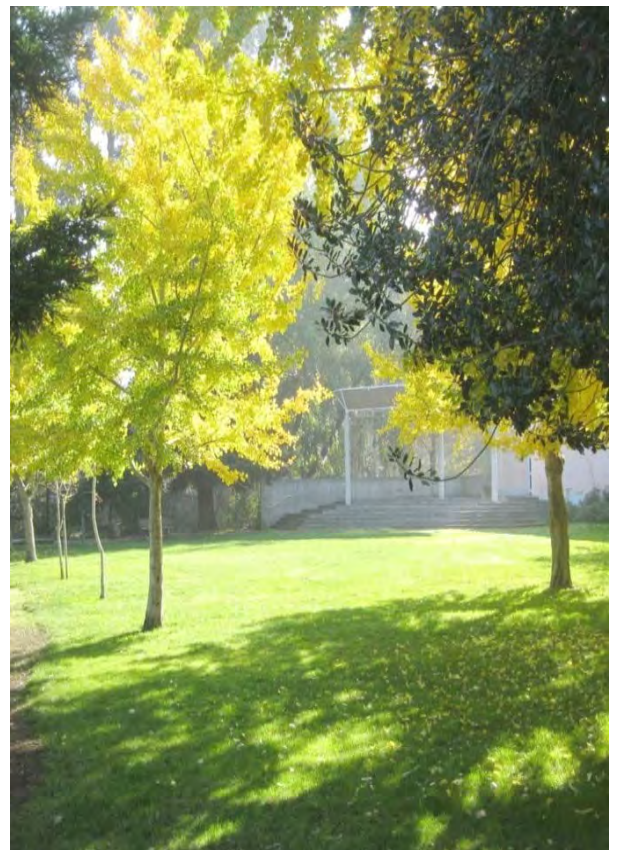


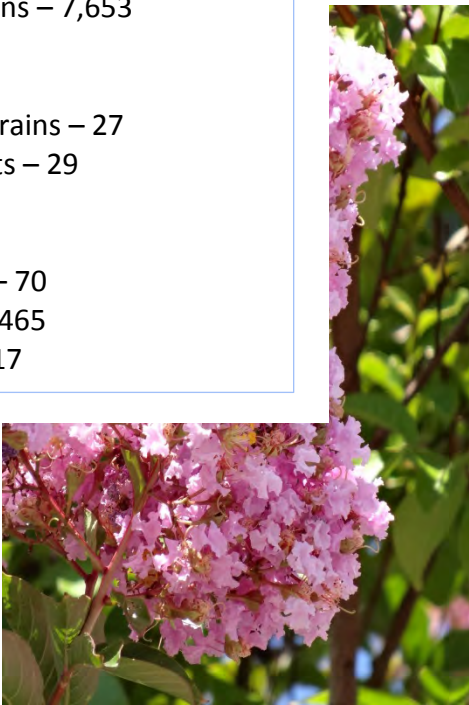
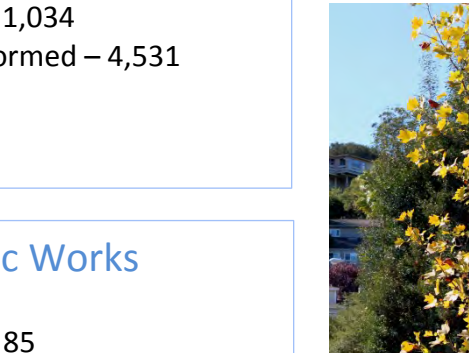
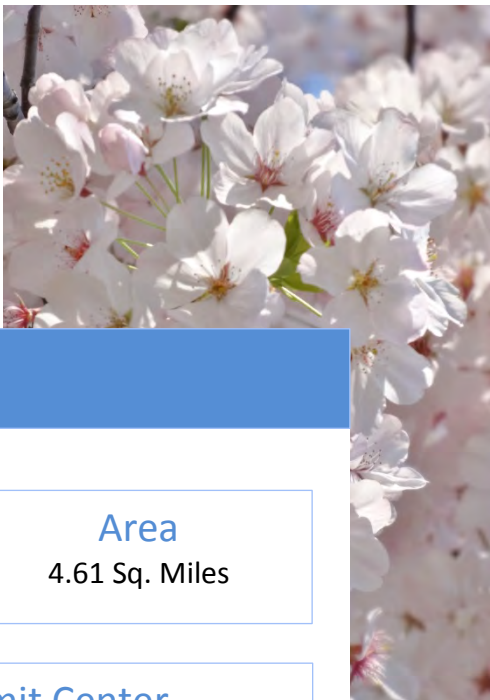
CalPERS

Recently, CalPERS approved new rate-smoothing and mortality changes aimed at fully-funding retirements within 30 years and shoring up the cost of retirement longevity. These changes, plus a risk-pooling consolidation, result in a five-year ramp up of rates followed by a five-year ramp-down with rate increases ranging from 11%-29% beginning in FY 2016.

The City has taken proactive steps to help mitigate these increases by implementing Tier 2 plans for all new hires. Further, beginning January 1, 2014, new retirement legislation, PEPRA, was instituted. While PEPRA primarily affected new employees by providing lower retirement benefits, it also affected existing employees through a series of provisions designed to reform the existing retirement system.

The FY 15 Budget and the long-term projections reflect the PEPRA and CalPERS rate changes and fully fund the annual required contributions.





Facts and Statistics

2014 Population

26,559

FTE Employees

City - 125.85; Fire - 23

Area

4.61 Sq. Miles

Parks & Recreation

Recreation Class Participants – 39,605
Developed Parks – 14
Acres of Open Space – 287.58
Acres of Developed Parks – 60.4

Permit Center

Permits Issued – 1,034
Inspections Performed – 4,531

Public Safety

Police

Calls for Service – 30,087
Traffic Violations – 1,360
Parking Violations – 2,732
Physical Arrests – 575

Fire

Calls for Service – 2,585
Annual Fire Inspections – 838
Plan Checks – 122

Public Works

Sewer

Miles of Sewer – 85
Sewer Connections – 7,653

Storm Drains

Miles of Storm Drains – 27
Storm Drain Inlets – 29

Streets

Miles of Streets – 70
Street Lights – 1,465
Traffic Signals – 17

Vision Statement

The City's Vision Statement typically drives Council's priorities and initiatives, and includes the following areas:

- Distinctive Community Character
- Easy Mobility
- Natural Beauty
- Thriving Culture
- Thriving Economy



Top 10 Employers

1. Oracle America, Inc.
2. Cengage Learning, Inc.
3. Safeway Store
4. SunEdison
5. Nikon Precision, Inc.
6. Autobahn Motors
7. Carlmont Gardens Nursing Center
8. James Electronics, LTD
9. Silverado Senior Living Belmont Hills
10. Lunardi's Market



Major Initiatives for FY 2014

- Ralston Corridor Study and Improvements
- Sale of City-Owned San Juan Hills Property
- General Plan Update
- Davey Glen Park Design and Development

Request for Information

This financial report is designed to provide a general overview of the City of Belmont's finances for all those interested.

Questions concerning any information provided in this report should be addressed to the Finance Director or for additional information regarding the City's financial activities, including past award winning CAFRs, transparency efforts and best practices please visit the City at www.belmont.gov.

Contact Us

Finance Director
Finance Department
Belmont City Hall
One Twin Pines Lane, Suite 320
Belmont, CA 94002
Phone (650) 595-7433



Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Belmont, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belmont as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belmont as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 15, ABx1 26 and AB1484 directed the State Controller to review the activities of all former redevelopment agencies and successor agencies to determine whether an asset transfer between a former redevelopment agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the successor agency. The State Controller's Office has not completed its asset transfer review and the effect of that review cannot be determined as of June 30, 2014.

The emphasis of these matters does not constitute modifications to our opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Supplemental Information and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mare & Associates

Pleasant Hill, California
September 22, 2014

<p style="text-align: center;">CITY OF BELMONT MANAGEMENT'S DISCUSSION AND ANALYSIS</p>

In an effort to make these financial statements clearer and more understandable to readers, the City provides this discussion and analysis of its financial activities for the fiscal year ended June 30, 2014. Please read this document in conjunction with the Letter of Transmittal and accompanying Basic Financial Statements.

FINANCIAL HIGHLIGHTS

City-wide:

- City total assets increased by \$5.9 million to \$134.7 million, of which \$92.4 million represented governmental assets and \$42.3 million represented business-type assets.
- City total liabilities increased by \$0.7 million to \$27.1 million, of which \$5.9 million were governmental liabilities and \$21.2 million were business-type liabilities.
- The City's total net position increased by \$5.3 million to \$107.6 million. Of this amount, \$13.6 million (unrestricted governmental net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- City-wide revenues were \$48.9 million, of which \$36.2 million were generated by governmental activities and \$12.7 million were generated by business-type activities.
- City-wide expenses were \$43.4 million, of which \$35.0 million were incurred by governmental activities and \$8.4 million were incurred by business-type activities.

Fund Level:

- Governmental Fund balances increased \$3.8 million to \$21.6 million. Of this amount, \$6.3 million, or 29.0%, was unassigned fund balance and available for spending at the City's discretion.
- Governmental Fund revenues were \$34.0 million, an increase of \$2.1 million from fiscal year 2013.
- Governmental Fund expenditures increased by \$1.4 million to \$32.0 million in fiscal year 2014, from \$30.6 million in the prior year.
- Enterprise Fund net position increased by \$4.3 million to \$21.2 million. Of this amount, \$12.4 million was unrestricted net position and available for spending at the City's discretion.
- Enterprise Fund operating revenues were \$12.7 million in fiscal year 2014 compared to \$11.4 million in the prior year.
- Enterprise Fund operating expenses were \$7.2 million in fiscal year 2014, a decrease from \$8.1 million in fiscal year 2013.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report is composed of the following:

1. Introductory section, which includes the Transmittal Letter and general information,
2. Management's Discussion and Analysis (this part),
3. Basic Financial Statements, which include the Government-wide and the Fund financial statements along with the Notes to these financial statements,
4. Combining statements for Non Major Governmental Funds and Fiduciary Funds,
5. Successor Agency reporting, and
6. Statistical information.

The Basic Financial Statements

The Basic Financial Statements consist of the City-wide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide two different views of the City's financial activities and financial position—long-term and short-term.

The City-wide Financial Statements provide a longer-term view of the City's activities as a whole, and consist of the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all of the City's revenues and expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in Net Position for the year.

The Fund Financial Statements report the City's operations in more detail than the City-wide statement and focus primarily on the short-term activities of the City's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures, current assets, liabilities and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the City and are presented individually, while the activities of Non-major Funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. Major Funds are explained below.

The City-wide Financial Statements

All of the City's basic services are considered to be Governmental activities, including: general government, public safety, highways and streets, culture and recreation, and miscellaneous. These services are supported by the City's general revenues such as taxes and by specific program revenues such as fees.

All of the City's enterprise activities are reported as Business-type activities, including sewer, storm drainage, and solid waste. Unlike governmental services, these activities are supported by charges paid by users based on the amount of service they use.

The City's governmental activities include the activities of separate legal entities: the Belmont Fire Protection District and the Belmont Joint Powers Financing Authority. The City is financially accountable for these entities.

City-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Belmont, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Belmont can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The Fund financial statements provide detailed information about each of the City's most significant funds, called Major Funds. Each Major Fund is presented individually with all Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major funds. Major Funds present the major activities of the City for the year. The General Fund is always a Major Fund, but other funds may change from year to year as a result of changes in the pattern of the City's activities.

The City has two Major Governmental Funds in fiscal year 2014 in addition to the General Fund, which are discussed in the Analysis of Major Governmental Funds section.

Comparisons of Budget and Actual financial information are presented only for the General Fund and other Major governmental funds that are Special Revenue Funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are presented only in the city-wide financial statements.

The focus of governmental funds is narrower than that of government-wide financial statements, so it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the City's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary funds. The City of Belmont maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Belmont uses enterprise funds to account for its sewer, storm drain, and solid waste. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Belmont's various functions. The City of Belmont uses internal service funds to account for its workers compensation, liability, vision, benefit stabilization, fleet and equipment, facilities management, and other such services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Sewer, Storm Drainage, and Solid Waste activities. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Statement. The City acts as an agent on behalf of others, holding amounts collected, and disbursing them as directed or required. The City's fiduciary activities are reported in the separate Statements of Fiduciary Net Position and the Agency Funds Statement of Changes in Assets and Liabilities. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the fund financial statements in this report.

Other Information

The combining statements referred to earlier, in connection with non-major governmental funds and internal service funds, are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found in the supplemental information section of this report.

The combining statements referred to earlier, in connection with non-major governmental funds and internal service funds, are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found in the supplemental information section of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The net position and changes in net position of the City's Governmental Activities (Tables 1 and 2) and Business-Type Activities (Tables 3 and 4) are presented in the City-wide Statement of Net Position and Statement of Activities.

Governmental Activities

Table 1 Governmental Net Position at June 30, 2014 and 2013 (in Thousands)		
	2014	2013
Current and other assets	\$25,608	\$22,059
Capital assets	66,763	68,171
Total assets	92,371	90,230
Current and other liabilities	3,328	2,717
Long-term obligations outstanding	2,642	2,061
Total liabilities	5,970	4,778
Net position:		
Net Investment in Capital Assets	66,108	67,418
Restricted	6,664	6,722
Unrestricted	13,629	11,312
Total net position	\$86,401	\$85,452

Net Position

Net position may serve over time as a useful indicator of a government's financial position. This analysis focuses on the net position and year-to-year changes in net position of the City as a whole. As shown in Table 1 above, the City's governmental total net position are \$86.4 million, representing the difference between total assets and total liabilities. During fiscal year 2014, the overall net position increased by \$1.0 million, or 1.0%, from \$85.4 million in fiscal 2013. This Change in Net Position reflects an increase in the Statement of Activities as shown in Table 2 and is explained later in this report.

The largest portion, approximately 76.5%, or \$66.1 million, of the City's net position represents its investment in infrastructure and other capital assets (e.g., land, buildings, other improvements, etc.) used in Governmental activities, net of amounts borrowed to finance that investment. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it

should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the City's governmental net position of \$6.7 million, or 7.7%, represents resources that are subject to restrictions that may only be used to construct specified capital projects, debt service, redevelopment, or special revenue programs. The restrictions on these funds were placed by outsiders and cannot be changed by the City.

The remaining balance of unrestricted net position of \$13.6 million, or 15.8%, was for unrestricted uses in accordance with finance-related legal requirements reflected in the City's fund structure. These can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions.

At the end of the fiscal year 2014, the City is able to report positive balances in all three categories of net position for the government as a whole.

Changes in Net Position

The Statement of Activities provides information about all the City's revenues and all its expenses, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in Net Position for the year.

The City's Governmental activities net position increased by \$0.9 million. The City's fiscal year 2014 governmental revenue increased by \$3.8 million to \$36.2 million. The governmental expenses increased by \$2.5 million to \$35.3 million.

Of the total governmental revenues, total program revenues decreased by \$0.6 million, or 4.6%, to \$13.8 million from the same time in the prior year.

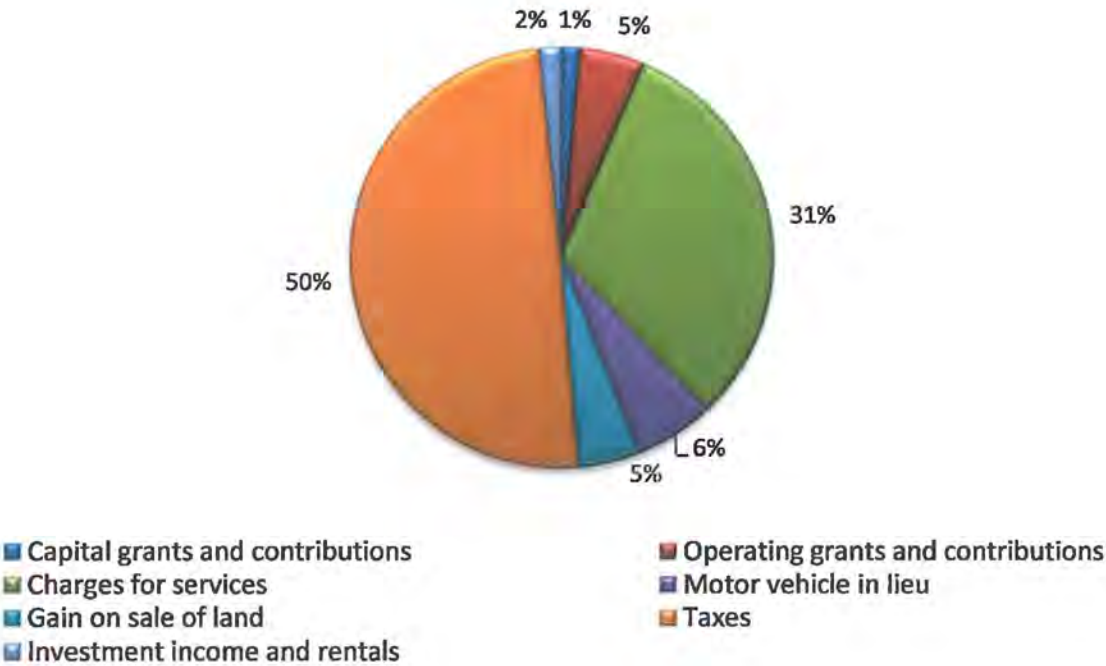
General revenues increased \$3.3 million, of which \$1.7 million was a gain on the sale of land in the San Juan Canyon and a \$1.0 million increase in property taxes reflecting strong housing prices and sales.

Table 2
Changes in Governmental Net Position
(in Thousands)

	2014	2013
Revenues		
Program revenues:		
Charges for services	\$11,438	\$10,647
Operating grants and contributions	1,817	1,636
Capital grants and contributions	519	874
Total program revenues	13,774	13,157
General revenues:		
Taxes:		
Property taxes	11,865	10,918
Sales taxes	2,831	2,792
Other taxes	3,260	3,018
Motor vehicle in lieu	2,168	1,942
Gain on sale of land	1,737	
Investment earnings and rentals and miscellaneous	610	533
Total general revenues	22,471	19,203
Total revenues	36,245	32,360
Expenses		
General government	5,593	5,354
Public safety	19,429	18,000
Highways and streets	3,413	3,242
Culture and recreation	4,530	4,275
Urban redevelopment	2,295	1,885
Interest on long-term debt	37	68
Total expenses	35,297	32,824
Change in net position	949	(464)
Net position-Beginning	85,452	85,917
Net position-Ending	\$86,401	\$85,452

The following charts display the City’s governmental activities for fiscal year 2014, highlighting the proportionate elements of the Revenue and Expenses by program.

**Revenues by Source
Governmental Activities**



**Expenses and Program Revenues
Governmental Activities
(in thousands)**



Business-Type Activities

The statement of Business-Type Net Position (Table 3) and statement of Business-Type Activities (Table 4) present a summary of the City's business-type activities, which are composed of the City's enterprise funds.

Net Position

As shown on Table 3 below, the net position of business-type activities were \$21.2 million in fiscal year 2014. This was a \$4.3 million or 25.7% increase over the beginning net position. This increase was attributable, in part, to revenues associated with the sewer treatment facility charge, which began collection in fiscal year 2012. \$5.6 million or 26.7% of net position is invested in capital assets, net of related debt, while \$3.1 million is restricted for sewer treatment facility charges, and \$12.4 million or 58.6% are unrestricted and available for the operations of the proprietary funds.

Table 3		
Business-Type Net Position at June 30, 2014 and 2013		
(in Thousands)		
	<u>2014</u>	<u>2013</u>
Current and other assets	\$27,758	\$24,039
Capital assets	<u>14,583</u>	<u>14,562</u>
Total assets	42,341	38,601
Current and other liabilities	1,172	1,459
Long-term debt outstanding	<u>19,985</u>	<u>20,297</u>
Total liabilities	<u>21,757</u>	<u>21,757</u>
Net position:		
Net investment in capital assets	5,648	5,419
Restricted	3,109	3,108
Unrestricted	<u>12,427</u>	<u>8,317</u>
Total net position	<u>\$21,184</u>	<u>\$16,844</u>

Changes in Net Position

As shown on Table 4, total program revenues of business-type activities were \$12.7 million in fiscal year 2014, an increase of \$1.2 million, or 11.0%, from the prior year. The increase was primarily attributable to the 9% rate increase in the Sewer Enterprise Fund.

Table 4 Business-Type Activities (in Thousands)		
	2014	2013
Revenues		
Program Revenues:		
Charges for Services	\$12,678	\$11,418
Total program revenues	12,678	11,418
General Revenues:		
Investment earnings and miscellaneous	15	11
Total general revenues	15	11
Total revenues	12,693	11,429
Expenses		
Sewer	6,657	6,396
Storm Drainage	1,237	1,215
Solid Waste	460	1,482
Total expenses	8,354	9,093
Change in net position	\$4,339	\$2,337

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Table 5 below summarizes Governmental balances at the fund level:

Table 5 Financial Highlights at Fund Level at June 30 (in Thousands)		
	2014	2013
Total assets	\$22,957	\$20,611
Total liabilities	1,345	2,778
Total fund balances	21,612	17,833
Total revenues	34,063	31,954
Total expenditures	32,010	30,611
Total other financing sources (uses)	1,725	(262)

As of June 30, 2014, the City's Governmental Fund reported combined ending fund balances of \$21.6 million, an increase of \$3.8 million, or 21.1%, from the prior year. In comparison with the prior year, revenues increased by \$2.1 million to \$34.1 million, and expenditures increased by \$1.4 million to \$32.0 million.

Analyses of Major Governmental Funds

General Fund

As the principal operating fund of the City, the General Fund, by definition, is a major Governmental fund. The General Fund accounted for 53.5% of the total governmental revenues and 47.3% of the total expenditures. A number of City services are accounted for in the General Fund, including public safety, general government, and culture and recreation.

At the end of the current fiscal year, the unassigned fund balance of the General Fund of \$6.3 million represents nearly all of the \$8.2 million total fund balance. Since the unassigned fund balance represents available liquid resources for spending at the City's discretion, it may be useful to compare the unassigned fund balance to total fund expenditures. The City's unassigned fund balance represents 41.4%, or equates to 151 days, of total General Fund expenditures (excluding transfers out) for the year.

During fiscal year 2014, the total fund balance of the City's General Fund increased significantly by \$2.0 million, representing a 32.3% increase over the prior year. The increase was reflective of \$0.6 million in taxes including additional property taxes received from the dissolution of the RDA and the redistribution to taxing entities along with increases in transient occupancy taxes and property taxes reflecting an improvement in the local economy. In addition, expenditures remained nearly flat from the continuation of sustainable budget correction strategies.

General Fund Budgetary Highlights: The 2013-14 fiscal year adopted budget for General Fund expenditures amounted to \$15.2 million (excluding \$1.6 million transfers out). The final budget amount was \$15.4 million.

General Fund revenues were \$18.2 million, in excess of the final amended budget by \$0.3 million. The additional funds were in the taxes and licenses and permits categories.

Overall expenditures were below the final budget by \$0.2 million. The variance of \$0.4 million in budgeted transfers represents better than budgeted performance in the Recreation Special Revenue Fund, Development Services Special Revenue Fund, and the Facilities Management Internal Service Fund.

Belmont Fire Protection District Fund

The Belmont Fire Protection District (the District) accounts for resources received by a special district, shown as a blended component unit, from the citizens of Belmont and the unincorporated Harbor Industrial Area to finance fire protection and suppression services.

At June 30, 2014, the fund balance decreased \$0.3 million over the prior year. Overall revenues increased \$0.7 million, primarily from strong growth and increasing prices in home sales, which increased property tax revenue. Overall expenditures increased \$1.0 million, primarily from an increase of \$0.7 million to fund legacy costs of the Belmont-San Carlos Fire Department.

Affordable Housing Successor Agency Special Revenue Fund

This fund was created to account for Housing functions of the former Redevelopment Agency that the City elected to retain as permitted under ABx1 26. At June 30, 2012, assets primarily consist of loans receivable and land held for redevelopment that were transferred from the former Low and Moderate Incoming Housing Special Revenue Fund.

Analysis of Business-Type Activities—Enterprise Funds

Sewer Fund

This fund accounts for sanitary sewer services provided to the citizens of Belmont. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operations, treatment, maintenance, and capital improvement.

Sewer fund operating revenues were \$1.2 million higher at \$11.3 million compared to the previous year, which reflects an approved 9% increase in sewer collection system revenues. Operating expenses were unchanged at \$5.4 million. Net position totaled \$16.5 million on June 30, 2014. \$1.6 million was invested in capital assets, net of related debt, \$3.1 million was restricted for treatment facility charges, and \$11.8 million was unrestricted fund balance, including investment in Silicon Valley Clean Water joint venture.

Storm Drainage Fund

This fund is used to account for the maintenance of the storm drain system and other activities related to the mandated National Pollution Discharge Elimination System (NPDES).

Storm drainage fund operating revenues, which consist primarily of NPDES storm drain charges, decreased slightly to \$0.5 million. Operating expenses were unchanged at \$1.2 million. Net position totaled \$4.0 million on June 30, 2014, with \$4.0 million invested in capital assets, net of related debt.

Solid Waste Fund

Operating revenues increased to \$0.9 million. Operating expenses of \$0.5 million decreased by \$1.0 million from the prior year. As of June 30, 2014, net position was \$0.6 million, which are not restricted as to use.

CAPITAL ASSETS

Capital assets recorded on the City's financial statements are shown in Table 6. Further detail may be found in Note 7 to the financial statements.

Table 6 Capital Assets at Year-end (in Thousands)		
	2014	2013
<i>Governmental Activities</i>		
Land	\$12,609	\$12,923
Construction in progress	168	100
Buildings	38,688	38,572
Improvements other than buildings	832	712
Streets and infrastructure	42,521	41,592
Machinery and equipment	4,975	4,627
Vehicles	4,661	4,585
Less accumulated depreciation	(37,691)	(34,939)
Totals	\$66,763	\$68,171
<i>Business-Type Activities</i>		
Land	\$15	\$15
Construction in progress		202
Improvements other than buildings	26,018	25,085
Machinery and equipment	211	198
Less accumulated depreciation	(11,661)	(10,938)
Totals	\$14,583	\$14,562

The net decrease of \$1.4 million for governmental activities in fiscal year 2014 consists of an increase in accumulated depreciation along with the minimal addition of new assets during the year. See Note 7 A to the financial statements for additional information.

Business-type activities were unchanged at \$14.6 million.

The City depreciates all of its capital assets over the estimated useful lives. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives can be found in Note 1 G to the financial statements.

DEBT ADMINISTRATION

Each of the City's debt is discussed in more detail in Note 8 to the financial statements. Scheduled retirements were made, which caused the reduction in debt. A summary of debt activity follows:

Table 7
Outstanding Debt
(in Thousands)

	2014	2013
<i>Governmental Activity Debt:</i>		
Capital Lease:		
2011 Lease Purchase Financing- Fire Truck, 4.75%, due 2021	\$398	445
2008 Lease Purchase Financing-Fire Truck, 4.16%, due 2019	257	308
Subtotal Governmental Activity Debt	655	753
<i>Business-type Debt – Sewer Enterprise Fund:</i>		
Long-Term Bonds Payable:		
2001 Sewer Revenue Bonds, 4.375%-5.00%, due 2032	5,625	5,820
2006 Sewer Revenue Bonds, 4.00%-4.375%, due 2036	6,400	6,575
2009 Sewer Revenue Bonds, 3.00%-5.00%, due 2042	8,185	8,345
Subtotal Business-type Debt	20,210	20,740
Total Long-Term Obligations	<u>\$20,865</u>	<u>\$21,493</u>

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The economy of the City and its major initiatives for the coming year are discussed in detail in the accompanying Transmittal Letter.

REDEVELOPMENT DISSOLUTION

Effective January 31, 2012, the Belmont Redevelopment Agency (RDA) was dissolved pursuant to ABx1 26. The California Department of Finance (DOF) questioned payments made by the RDA between January 1, 2011 and January 31, 2012 and demanded that the Successor Agency of the former RDA recover from the City and remit to the Auditor-Controller of the County of San Mateo the amount of \$1,333,533 for distribution to taxing entities. The City challenged DOF's position and settlement negotiations were ongoing at June 30. Subsequent to June 30, the City and DOF reached a settlement agreement which resolved the disputed payments.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the Finance Department at One Twin Pines Lane, Suite 320, Belmont, CA 94002. Additional information about the City's operations and activities can be obtained from the website at www.belmont.gov.

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES
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The Statement of Net Position and the Statement of Activities summarize the City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City, the Belmont Fire Protection District and the Belmont Joint Powers Financing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities.

These financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements*.

CITY OF BELMONT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments (Note 3)	\$19,763,364	\$5,173,898	\$24,937,262
Cash and investments with fiscal agent (Note 3)		1,913,372	1,913,372
Receivables:			
Accounts	863,506	157,580	1,021,086
Interest	18,900		18,900
Due from other governmental agencies	414,290	79,908	494,198
Notes & long-term receivable (Note 5)	950,357		950,357
Prepaids and other assets	281,639		281,639
Land held for resale (Note 6)	3,315,328		3,315,328
Investment in SVCW- Joint Venture (Note 13)		20,433,823	20,433,823
Capital assets (Note 7)			
Land and construction in progress	12,777,731	14,792	12,792,523
Depreciable assets, net	53,985,539	14,567,862	68,553,401
Total Assets	92,370,654	42,341,235	134,711,889
LIABILITIES			
Accounts payable, claims and other liabilities/ contracts payable	1,280,294	467,780	1,748,074
Deposits	384,956		384,956
Unearned revenue	232,648		232,648
Claims payable (Note 12)			
Due within one year	332,894	75,000	407,894
Due in more than one year	239,182	175,000	414,182
Compensated absences (Note 1H)			
Due within one year	994,980	79,590	1,074,570
Due in more than one year	1,849,603	150,022	1,999,625
Long-term debt (Note 8)			
Due within one year	102,306	550,000	652,306
Due in more than one year	553,177	19,660,000	20,213,177
Total Liabilities	5,970,040	21,157,392	27,127,432
NET POSITION (Note 9)			
Net investment in capital assets	66,107,787	6,447,043	72,554,830
Restricted for:			
Capital projects	961,330		961,330
Special revenue programs	5,702,711		5,702,711
Sewer Treatment Facility Charge		3,108,838	3,108,838
Total Restricted Net Position	6,664,041	3,108,838	9,772,879
Unrestricted	13,628,786	11,627,962	25,256,748
Total Net Position	\$86,400,614	\$21,183,843	\$107,584,457

See accompanying notes to financial statements

CITY OF BELMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$5,592,651	\$4,601,332	\$154,166		(\$837,153)		(\$837,153)
Public safety	19,429,456	1,177,218	154,558		(18,097,680)		(18,097,680)
Highways and streets	3,412,713	459,815	1,463,274	\$509,913	(979,711)		(979,711)
Culture and recreation	4,530,410	2,130,365	45,347	9,341	(2,345,357)		(2,345,357)
Urban redevelopment	2,295,295	3,069,625			774,330		774,330
Interest on long-term debt	37,019				(37,019)		(37,019)
Total Governmental Activities	35,297,544	11,438,355	1,817,345	519,254	(21,522,590)		(21,522,590)
Business-type Activities:							
Sewer	6,657,220	11,290,621				\$4,633,401	4,633,401
Storm Drainage	1,236,911	520,119				(716,792)	(716,792)
Solid Waste	459,967	867,710				407,743	407,743
Total Business-type Activities	8,354,098	12,678,450				4,324,352	4,324,352
Total	\$43,651,642	\$24,116,805	\$1,817,345	\$519,254	(21,522,590)	4,324,352	(17,198,238)
General revenues:							
Taxes:							
Property taxes					11,864,792		11,864,792
Sales taxes					2,831,248		2,831,248
Transient occupancy taxes					1,722,803		1,722,803
Franchise					1,537,197		1,537,197
Motor vehicle in lieu, unrestricted					2,168,184		2,168,184
Investment earnings and rentals					603,489	15,126	618,615
Gain on sale of land					1,736,525		1,736,525
Miscellaneous					6,581		6,581
Total general revenues					22,470,819	15,126	22,485,945
Change in Net Position					948,229	4,339,478	5,287,707
Net Position-Beginning					85,452,385	16,844,365	102,296,750
Net Position-Ending					\$86,400,614	\$21,183,843	\$107,584,457

See accompanying notes to financial statements

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FUND FINANCIAL STATEMENTS

Fund Financial Statements are presented by individual major funds, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year.

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as police protection, parks operations and maintenance, and legal and administrative services.

BELMONT FIRE PROTECTION DISTRICT SPECIAL REVENUE FUND

To account for property taxes received and expended by the District on providing fire protection services to the City of Belmont and the unincorporated Harbor Industrial Area.

AFFORDABLE HOUSING SUCCESSOR AGENCY SPECIAL REVENUE FUND

To account for Housing functions of the former Redevelopment Agency that have been retained by the City.

CITY OF BELMONT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014

	General	Belmont Fire Protection District	Affordable Housing Successor Agency	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 3)	\$7,375,144	\$4,199,441	\$109,179	\$5,351,142	\$17,034,906
Receivables:					
Accounts	616,069	189,240		50,426	855,735
Interest	18,900				18,900
Due from other governmental agencies	261,424			152,866	414,290
Due from other funds (Note 4B)	97,560				97,560
Notes (Note 5)			950,357		950,357
Prepays and other assets	269,588				269,588
Land held for resale (Note 6)	298,748		3,016,580		3,315,328
Total Assets	\$8,937,433	\$4,388,681	\$4,076,116	\$5,554,434	\$22,956,664
LIABILITIES					
Accounts payable, and other liabilities / contracts payable	\$250,964	\$221,737	\$2,466	\$154,655	\$629,822
Deposits	249,922		72,060	62,974	384,956
Unearned revenue	232,648				232,648
Due to other funds (Note 4B)				97,560	97,560
Total Liabilities	733,534	221,737	74,526	315,189	1,344,986
FUND BALANCES (Note 9)					
Nonspendable	568,336				568,336
Restricted		4,166,944	4,001,590	3,921,864	12,090,398
Committed				104,039	104,039
Assigned	1,377,103			1,213,342	2,590,445
Unassigned	6,258,460				6,258,460
Total Fund Balances	8,203,899	4,166,944	4,001,590	5,239,245	21,611,678
Total Liabilities, deferred inflows of resources, and Fund Balances	\$8,937,433	\$4,388,681	\$4,076,116	\$5,554,434	\$22,956,664

See accompanying notes to financial statements

CITY OF BELMONT
Reconciliation of the
GOVERNMENTAL FUNDS – BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2014

Total fund balances reported on the governmental funds balance sheet	\$21,611,678
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Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	66,763,270
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ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.

Cash and investments	2,728,458
Accounts receivable	7,771
Prepays and other assets	12,051
Accounts payable and other liabilities / contracts payable	(393,761)
Claims payable	(572,076)
Compensated absences	(113,698)

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Long-term debt	(655,483)
Accrued liability	(256,711)
Compensated absences	(2,730,885)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$86,400,614
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See accompanying notes to financial statements

CITY OF BELMONT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	General	Belmont Fire Protection District	Affordable Housing Successor Agency	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$9,109,363	\$7,913,193		\$1,759,064	\$18,781,620
Licenses and permits	879,644			786,146	1,665,790
Fines and forfeitures	209,475			89,109	298,584
Use of money and property	303,771	1,555	\$109,265	5,990	420,581
Intergovernmental	3,816,090	102,806		675,277	4,594,173
Charges for current services	3,836,537	113,162		3,516,520	7,466,219
Miscellaneous	100,270	633,034		102,431	835,735
Total Revenues	18,255,150	8,763,750	109,265	6,934,537	34,062,702
EXPENDITURES					
Current:					
General government	3,967,090				3,967,090
Public safety	9,628,495	8,717,932		180,644	18,527,071
Highways and streets				1,843,701	1,843,701
Culture and recreation	1,573,553			2,588,703	4,162,256
Urban redevelopment:			127,913	1,821,552	1,949,465
Capital outlay		169,450		1,255,856	1,425,306
Debt service:					
Principal		97,907			97,907
Interest and fiscal charges		32,893		4,126	37,019
Total Expenditures	15,169,138	9,018,182	127,913	7,694,582	32,009,815
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,086,012	(254,432)	(18,648)	(760,045)	2,052,887
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets				2,050,000	2,050,000
Transfers in (Note 4A)	135,315			1,323,485	1,458,800
Transfers (out) (Note 4A)	(1,217,897)			(565,404)	(1,783,301)
Total Other Financing Sources (Uses)	(1,082,582)			2,808,081	1,725,499
NET CHANGE IN FUND BALANCES	2,003,430	(254,432)	(18,648)	2,048,036	3,778,386
BEGINNING FUND BALANCES (DEFICIT)	6,200,469	4,421,376	4,020,238	3,191,209	17,833,292
ENDING FUND BALANCES (DEFICIT)	\$8,203,899	\$4,166,944	\$4,001,590	\$5,239,245	\$21,611,678

See accompanying notes to financial statements

CITY OF BELMONT
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$3,778,386
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
The capital outlay and departmental expenditures are therefore added back to fund balance	1,244,465
Sale of nondepreciable capital asset	(313,475)
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$301,696 which has already been allocated to serviced funds)	(2,521,672)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.	97,907
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ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Accrued liability	(256,711)
Compensated absences	(459,238)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.	
Change in Net Position - All Internal Service Funds	(621,433)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$948,229
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See accompanying notes to financial statements

CITY OF BELMONT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$8,858,275	\$8,858,275	\$9,109,363	\$251,088
Licenses and permits	773,613	773,613	879,644	106,031
Fines and forfeitures	223,275	223,275	209,475	(13,800)
Use of money and property	293,613	293,613	303,771	10,158
Intergovernmental	3,692,965	3,794,951	3,816,090	21,139
Charges for current services	3,737,454	3,827,454	3,836,537	9,083
Miscellaneous	210,000	210,000	100,270	(109,730)
Total Revenues	17,789,195	17,981,181	18,255,150	273,969
EXPENDITURES:				
Current:				
General government	4,353,452	4,200,193	3,967,090	233,103
Public safety	9,574,837	9,624,046	9,628,495	(4,449)
Culture and recreation	1,589,890	1,589,890	1,573,553	16,337
Total Expenditures	15,518,179	15,414,129	15,169,138	244,991
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,271,016	2,567,052	3,086,012	518,960
OTHER FINANCING SOURCES USES				
Transfers in		8,485	135,315	126,830
Transfers out	(1,583,142)	(1,583,142)	(1,217,897)	365,245
NET CHANGE IN FUND BALANCE	\$687,874	\$992,395	2,003,430	\$1,011,035
BEGINNING FUND BALANCE			6,200,469	
ENDING FUND BALANCE			\$8,203,899	

See accompanying notes to financial statements

CITY OF BELMONT
 BELMONT FIRE PROTECTION DISTRICT SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Taxes	\$7,695,201	\$7,695,201	\$7,913,193	\$217,992
Use of money and property	2,778	2,778	1,555	(1,223)
Intergovernmental	783,946	932,449	849,002	(83,447)
Total Revenues	<u>8,481,925</u>	<u>8,630,428</u>	<u>8,763,750</u>	<u>133,322</u>
EXPENDITURES:				
Current:				
Public safety	8,381,884	8,687,202	8,717,932	(30,730)
Capital Outlay	363,452	363,452	169,450	194,002
Debt Service:				
Principal	97,907	97,907	97,907	
Interest and fiscal charges	32,893	32,893	32,893	
Total Expenditures	<u>8,876,136</u>	<u>9,181,454</u>	<u>9,018,182</u>	<u>163,272</u>
NET CHANGE IN FUND BALANCE	<u>(\$394,211)</u>	<u>(\$551,026)</u>	(254,432)	<u>\$296,594</u>
BEGINNING FUND BALANCE			<u>4,421,376</u>	
ENDING FUND BALANCE			<u>\$4,166,944</u>	

See accompanying notes to financial statements

CITY OF BELMONT
 AFFORDABLE HOUSING SUCCESSOR SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	<u>\$119,198</u>	<u>\$119,198</u>	<u>\$109,265</u>	<u>(\$9,933)</u>
Total Revenues	<u>119,198</u>	<u>119,198</u>	<u>109,265</u>	<u>(9,933)</u>
EXPENDITURES				
Urban redevelopment	<u>136,681</u>	<u>144,215</u>	<u>127,913</u>	<u>16,302</u>
Total Expenditures	<u>136,681</u>	<u>144,215</u>	<u>127,913</u>	<u>16,302</u>
NET CHANGE IN FUND BALANCE	<u>(\$17,483)</u>	<u>(\$25,017)</u>	<u>(18,648)</u>	<u>\$6,369</u>
BEGINNING FUND BALANCE			<u>4,020,238</u>	
ENDING FUND BALANCE			<u>\$4,001,590</u>	

See accompanying notes to financial statements

PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City has identified the funds below as major proprietary funds in fiscal 2014.

SEWER FUND

To account for sanitary sewer services provided to the citizens of Belmont. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, treatment, maintenance, capital improvement, and billing and collection.

STORM DRAINAGE FUND

To account for the maintenance of the storm drain system, street cleaning and other activities related to the mandated National Pollution Discharge Elimination System (NPDES). Funding comes from customers connected to the City's sewer system, due to extensive infiltration and intrusion to the City's sewer system, and NPDES charges.

NON-MAJOR FUND:

SOLID WASTE FUND

To account for operating costs associated with street sweeping and administering the solid waste franchise.

CITY OF BELMONT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2014

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer	Storm Drainage	Nonmajor- Solid Waste	Totals	
ASSETS					
Current Assets:					
Cash and investments (Note 3)	\$4,273,552	\$82,066	\$818,280	\$5,173,898	\$2,728,458
Cash and investments with fiscal agent (Note 3)	1,913,372			1,913,372	
Accounts receivable	152,071	5,509		157,580	7,771
Prepays and other assets					12,051
Due from other governmental agencies		5,808	74,100	79,908	
Total Current Assets	6,338,995	93,383	892,380	7,324,758	2,748,280
Noncurrent Assets:					
Investment in SVCW joint venture (Note 13)	20,433,823			20,433,823	
Capital assets (Note 7):					
Land and construction in progress	14,792			14,792	
Depreciable assets, net	10,512,856	4,055,006		14,567,862	639,235
Total Noncurrent Assets	30,961,471	4,055,006		35,016,477	639,235
Total Assets	37,300,466	4,148,389	892,380	42,341,235	3,387,515
LIABILITIES					
Current Liabilities:					
Accounts payable, and other liabilities / contracts payable	444,680	22,230	870	467,780	393,761
Claims payable (Note 12)			75,000	75,000	332,894
Long-term debt (Note 8)	550,000			550,000	
Compensated absences (Note 1H)	47,380	24,211	7,999	79,590	
Total Current Liabilities	1,042,060	46,441	83,869	1,172,370	726,655
Noncurrent Liabilities:					
Claims payable (Note 12)			175,000	175,000	239,182
Compensated absences (Note 1H)	91,690	46,942	11,390	150,022	113,698
Long-term debt (Note 8)	19,660,000			19,660,000	
Total Noncurrent Liabilities	19,751,690	46,942	186,390	19,985,022	352,880
Total Liabilities	20,793,750	93,383	270,259	21,157,392	1,079,535
NET POSITION (Note 9)					
Net investment in capital assets	2,392,037	4,055,006		6,447,043	639,235
Restricted for treatment facility charges	3,108,838			3,108,838	
Unrestricted	11,005,841		622,121	11,627,962	1,668,745
Total Net Position	\$16,506,716	\$4,055,006	\$622,121	\$21,183,843	\$2,307,980

See accompanying notes to financial statements

CITY OF BELMONT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer	Storm Drainage	Nonmajor- Solid Waste	Totals	
OPERATING REVENUES					
Charges for current services					
Sewer service charges	\$11,163,535			\$11,163,535	
Sewer connection fees	15,911			15,911	
NPDES storm drain charges		\$488,634		488,634	
Street sweeping			\$407,885	407,885	
Garbage franchise fee			459,825	459,825	
Interdepartmental charges	111,175	31,485		142,660	\$4,595,812
Total Operating Revenues	<u>11,290,621</u>	<u>520,119</u>	<u>867,710</u>	<u>12,678,450</u>	<u>4,595,812</u>
OPERATING EXPENSES					
Personnel services	1,137,123	672,628	341,044	2,150,795	
Services and supplies	3,614,771	326,049	185,314	4,126,134	
Sewer treatment	204,549			204,549	
Insurance premiums					957,108
Professional and legal					817,289
Operating costs					2,573,138
Other post employment benefits					1,071,290
Insurance claims, net of change in claims payable					280,418
Depreciation	484,545	238,234		722,779	301,696
Total Operating Expenses	<u>5,440,988</u>	<u>1,236,911</u>	<u>526,358</u>	<u>7,204,257</u>	<u>6,000,939</u>
Operating Income (Loss)	<u>5,849,633</u>	<u>(716,792)</u>	<u>341,352</u>	<u>5,474,193</u>	<u>(1,405,127)</u>
NONOPERATING REVENUES (EXPENSES)					
Gain from the sale of capital assets					9,275
Interest	14,813	30	283	15,126	446,546
Interest expense	(890,582)			(890,582)	
Loss from investment in SVCW - Joint Venture	(326,150)			(326,150)	
Intergovernmental and miscellaneous	500		66,391	66,891	3,372
Total Nonoperating Revenues (Expenses)	<u>(1,201,419)</u>	<u>30</u>	<u>66,674</u>	<u>(1,134,715)</u>	<u>459,193</u>
Income (Loss) Before Transfers	<u>4,648,214</u>	<u>(716,762)</u>	<u>408,026</u>	<u>4,339,478</u>	<u>(945,934)</u>
Transfers in (Note 4A)		547,775		547,775	324,501
Transfers (out) (Note 4A)	<u>(547,775)</u>			<u>(547,775)</u>	
Net transfers	<u>(547,775)</u>	<u>547,775</u>			<u>324,501</u>
Change in net position	4,100,439	(168,987)	408,026	4,339,478	(621,433)
BEGINNING NET POSITION	<u>12,406,277</u>	<u>4,223,993</u>	<u>214,095</u>	<u>16,844,365</u>	<u>2,929,413</u>
ENDING NET POSITION	<u>\$16,506,716</u>	<u>\$4,055,006</u>	<u>\$622,121</u>	<u>\$21,183,843</u>	<u>\$2,307,980</u>

See accompanying notes to financial statements

CITY OF BELMONT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer	Storm Drainage	Nonmajor- Solid Waste	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$11,144,340	\$526,331	\$861,168	\$12,531,839	
Interdepartmental charges					\$4,720,546
Payments to suppliers	(3,757,942)	(321,875)	(193,547)	(4,273,364)	(2,757,639)
Payments to employees	(1,119,863)	(664,129)	(334,290)	(2,118,282)	(2,480,999)
Claims paid			(150,000)	(150,000)	(73,513)
Cash Flows from Operating Activities	6,266,535	(459,673)	183,331	5,990,193	(591,605)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental			66,391	66,391	
Interfund receipts		547,775		547,775	1,874,898
Interfund payments	(547,775)			(547,775)	
Cash Flows from Noncapital Financing Activities	(547,775)	547,775	66,391	66,391	1,874,898
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(674,195)	(69,247)		(743,442)	(484,360)
Proceeds from sale of capital assets					9,275
Principal payments on capital debt	(530,000)			(530,000)	
Interest paid	(899,054)			(899,054)	
Cash Flows from Capital and Related Financing Activities	(2,103,249)	(69,247)		(2,172,496)	(475,085)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in SVCW	(8,093,680)			(8,093,680)	
Interest	14,813	30	283	15,126	446,546
Cash Flows from Investing Activities	(8,078,867)	30	283	(8,078,554)	446,546
Net Cash Flows	(4,463,356)	18,885	250,005	(4,194,466)	1,254,754
Cash and investments at beginning of period	10,650,280	63,181	568,275	11,281,736	1,473,704
Cash and investments at end of period	\$6,186,924	\$82,066	\$818,280	\$7,087,270	\$2,728,458
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$5,849,633	(\$716,792)	\$341,352	\$5,474,193	(\$1,405,127)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation and miscellaneous	485,045	238,234		723,279	301,696
Miscellaneous					3,372
Change in assets and liabilities:					
Receivables, net	(146,281)	6,212	(6,542)	(146,611)	26,664
Accounts payable	60,878	4,174	(8,233)	56,819	231,181
Claims payable			(150,000)	(150,000)	206,279
Compensated absences	17,260	8,499	6,754	32,513	44,330
Cash Flows from Operating Activities	\$6,266,535	(\$459,673)	\$183,331	\$5,990,193	(\$591,605)

See accompanying notes to financial statements

FIDUCIARY FUNDS

RDA Obligation Retirement Trust Fund (Successor Agency) accounts for the activities related to the wind-down of the former Redevelopment Agency

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity – wide financial statements, but are presented in separate Fiduciary Fund financial statement.

CITY OF BELMONT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	RDA Obligation Retirement Trust Fund	Agency Funds
ASSETS		
Cash and investments (Note 3)	\$5,287,540	\$705,724
Cash and investments with fiscal agent (Note 3)	1,992,168	
Capital Assets (Note 15)		
Depreciable, net	<u>1,944,304</u>	
Total Assets	<u><u>\$9,224,012</u></u>	<u><u>\$705,724</u></u>
LIABILITIES		
Accounts payable		\$39,414
Interest payable	\$373,403	
Section 125 employee benefits payable		18,530
Due to other governments		347,645
Due to bondholders		300,135
Long-term debt (Note 15):		
Due within one year	1,240,000	
Due more than one year	<u>14,365,000</u>	
Total Liabilities	<u><u>15,978,403</u></u>	<u><u>\$705,724</u></u>
NET POSITION (DEFICIT):		
Held in trust for private purpose	<u><u>(\$6,754,391)</u></u>	

See accompanying notes to financial statements

CITY OF BELMONT
PRIVATE PURPOSE TRUST FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	RDA Obligation Retirement Trust Fund
Additions:	
Property Taxes	\$2,589,571
Use of Money and Property	<u>13,918</u>
Total Additions	<u>2,603,489</u>
Deductions:	
Urban redevelopment	437,878
Depreciation	98,826
Interest expense	<u>901,770</u>
Total Deductions	<u>1,438,474</u>
Change in net position	1,165,015
Beginning Net Position	<u>(7,919,406)</u>
Ending Net Position (Deficit)	<u><u>(\$6,754,391)</u></u>

See accompanying notes to financial statements

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CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Belmont was incorporated as a general law city in 1926. The City operates under the Council-Manager form of government and is governed by a five member council elected by the City's voters. The City provides the following services: public safety (police and fire), highways and streets, sewer, storm drainage, solid waste, recreation, public improvements, planning and zoning, building inspections, general administration services, and redevelopment.

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

A. *Reporting Entity*

The financial statements of the City of Belmont include the financial activities of the City, the Belmont Fire Protection District and the Belmont Joint Powers Financing Authority. All of these entities are controlled by and dependent on the City and their financial activities have been aggregated and merged (termed "blended") with those of the City in the accompanying financial statements.

The **Belmont Fire Protection District** is a special district created under the general laws of California to provide fire protection services to City residents. The District is controlled by the City and has the same governing board as the City, which also performs all accounting and administrative functions for the District. The financial activities of the District have been included in these financial statements in the Belmont Fire Protection District Special Revenue Fund and the BFPD Benefit Stabilization Internal Service Fund.

The **Belmont Joint Powers Financing Authority** is a separate government entity whose purpose is to assist with the financing certain public capital facilities for the City through the issuance of bonds or other forms of debt. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority.

B. *Basis of Presentation*

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

These Statements require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's proprietary funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds

The City's major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund - The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as police protection, parks operations and maintenance, and legal and administrative services.

Belmont Fire Protection District Special Revenue Fund - To account for property taxes received and expended by the District on providing fire protection services to the City of Belmont and the unincorporated Harbor Industrial Area.

Affordable Housing Successor Agency Special Revenue Fund - To account for Housing functions of the former Redevelopment Agency that have been retained by the City. The revenue sources are primarily from rental activities.

The City reported all the following enterprise funds as major funds in the accompanying financial statements:

Sewer Fund - To account for sanitary sewer services provided to the citizens of Belmont. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, treatment, maintenance, capital improvement, and billing and collection.

Storm Drainage Fund - To account for the maintenance of the storm drain system, street cleaning and other activities related to the mandated National Pollution Discharge Elimination System (NPDES). Funding comes from customers connected to the City's sewer system, due to extensive infiltration and intrusion to the City's sewer system, and NPDES charges.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

Internal Services Fund - The funds account for worker's compensation, general liability, vision, benefit stabilization, fleet and equipment management, and facilities management; all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds

Trust Funds and Agency Funds are used to account for assets held by the City as an agent or trustee for individuals, private organizations, and other governments. The City has three agency funds: a Section 125 Plan fund, a fund reporting cash and investments for the Library Community Facilities District and the Net Six Joint Power Authority. The RDA Obligation Retirement Private-purpose Trust Fund accounts for the financial activities assumed by the Successor Agency from the former Redevelopment Agency. The financial activities of these funds are excluded from the Government-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

D. Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are property, sales and use, transient occupancy, franchise and gas taxes, intergovernmental revenues, grants, parking fines and interest revenue. Other fines, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until collected.

Non-exchange transactions, in which the City gives or receives value without directly, receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain indirect costs are included in program expenses reported for individual functions and activities.

E. *Revenue Recognition for Enterprise Funds*

Sewer and Storm Drain user fee revenues are placed on the county tax rolls. The County bills customers annually and requires payment prior to year end. Solid waste revenue is remitted by Recology San Mateo County as part of garbage services. At year end there were no material uncollected sewer, storm drain, or solid waste user fees.

F. *Property Tax*

San Mateo County assesses properties, and it bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest, and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31. Collection of delinquent accounts is the responsibility of the County, which retains all penalties.

The term "unsecured" refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above, generally within sixty days.

G. *Capital Assets*

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

The City has recorded all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

Capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Building and Building Improvements	40 years
Improvements Other than Buildings	25-75 years
Streets and Infrastructure	25-100 years
Machinery and Equipment	5-10 years
Vehicles	5-10 years

Non-infrastructure and infrastructure assets with historical costs exceeding \$5,000 and \$25,000 respectively are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

H. Compensated Absences

Compensated absences comprise unpaid vacation and the vested portion of sick leave, which are accrued as earned. Employee bargaining unit agreements specify the vested portion of unused sick leave, which accumulates and is paid at time of termination of City employment. The City's liability for compensated absences is recorded in various Governmental funds and Proprietary funds as appropriate. The liability for compensated absences is determined annually. For all governmental funds, amounts expected to be paid due to terminations are recorded as fund liabilities; the long term portion is recorded in the Statement of Net Position.

The changes of the compensated absences were as follows:

	Governmental Activities	Business Type Activities			Total
		Sewer	Storm Drainage	Solid Waste	
Summary of Activity:					
Beginning Balance	\$2,341,015	\$121,810	\$62,654	\$12,635	\$2,538,114
Additions	1,433,172	64,586	32,655	14,753	1,545,166
Payments	(929,604)	(47,326)	(24,156)	(7,999)	(1,009,085)
Ending Balance	<u>\$2,844,583</u>	<u>\$139,070</u>	<u>\$71,153</u>	<u>\$19,389</u>	<u>\$3,074,195</u>
Financial Statement					
Presentation:					
Due within One Year	\$994,980	\$47,380	\$24,211	\$7,999	\$1,074,570
Due in More than One Year	1,849,603	91,690	46,942	11,390	1,999,625
Total Ending Balance	<u>\$2,844,583</u>	<u>\$139,070</u>	<u>\$71,153</u>	<u>\$19,389</u>	<u>\$3,074,195</u>

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. *Estimates and Assumptions*

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. *Closed Funds*

The City closed the Traffic Mitigation Special Revenue Fund and the Highway 101 Bike Pedestrian Bridge Capital Projects Fund in fiscal year 2014.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

The City Manager submits to the City Council a proposed annual operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them and is subjected to public hearings where comments are obtained for consideration. The Council adopts the budget through passage of a budget resolution at which time the proposed expenditures become appropriations. The budget is effective the following July 1 and may be amended by subsequent resolutions. The City Manager is authorized to transfer appropriations between any departments; however, any revisions, which increase the total appropriations of any fund, must be approved by the Council. Transfers not included in the original budget must be approved by the Finance Director. Where not contractually committed, expenditures may not exceed appropriations at the fund level. Unencumbered appropriations lapse at year end. Supplemental appropriations adopted by the Council are included in the budget versus actual statements.

Formal budgetary integration is employed as a management control device. Encumbrance accounting is employed as an extension of formal budgetary integration in all funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

Encumbrances outstanding at year end do not constitute expenditures or liabilities and are reappropriated in the following year budget. Budget amounts include appropriations, which are formally integrated into the City's accounting records for all funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds. Encumbrances outstanding by fund as of June 30, 2014 were as follows:

Major Governmental Funds:	
General Fund	\$63,828
Affordable Housing Successor Agency Special Revenue Fund	3,460
Non-Major Governmental Funds	<u>767,598</u>
Total Encumbrances	<u><u>\$834,886</u></u>

Expenditures exceeded budget for the following funds:

Fund	Expenditures in Excess of Appropriations
Supplemental Law Enforcement Services	
Special Revenue Fund	\$405
Public Safety Special Revenue Fund	67
Comcast Capital Projects Fund	330
Open Space Capital Projects Fund	73,740

Sufficient current year revenues or fund balances were available to offset these expenditures.

NOTE 3 – CASH AND INVESTMENTS

The City pools cash from all sources and all funds except Cash and Investments held by Trustees so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 3 – CASH AND INVESTMENTS (Continued)

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City managed investments, regardless of their form.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Cash and investments as of June 30, 2014 consist of the following:

Statement of Net Assets	
Cash and investments	\$24,937,262
Cash and investments with fiscal agent	1,913,372
Fiduciary Funds	
Cash and investments	5,993,264
Cash and investments with fiscal agent	1,992,168
Total Cash and Investments	<u>\$34,836,066</u>

Cash and Investments Available for Operations is used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

As of June 30, 2014, the City holds \$1,114,245 in unexpended proceeds from the Sewer Revenue Bonds, Series 2006, which were included in Cash and Investments recorded in the Sewer Enterprise Fund. These restricted funds are to be spent on project costs as defined in the underlying indenture.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 3 – CASH AND INVESTMENTS (Continued)

C. Investments Authorized by the California Government Code and the City's Investment Policy

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum % of Portfolio	Maximum Investment In One Issuer
Local Agency Municipal Bonds	5 years	N/A	None	None
U.S. Treasury Obligations	5 years	N/A	None	None
State of California Obligations	5 years	N/A	None	None
CA Local Agency Obligations	5 years	N/A	None	None
U.S. Agency Securities (A)	5 years	N/A	None	None
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 days	A1 / P1	25%	10%
Negotiable Certificates of Deposit	5 years	N/A	30%	None
Repurchase Agreements	1 year	N/A	None	None
Reverse Repurchase Agreements (requires City Council approval)	92 days	N/A	20 % of base value	None
Medium Term Corporate Notes	5 years	A	30%	None
Mutual Funds	N/A	Top rating category	20%	10%
Money Market Mutual Funds	N/A	Top rating category	20%	10%
Collateralized Bank Deposits	N/A	N/A	None	None
Mortgage Pass-Through Securities	5 Years	AA	20%	None
County Pooled Investment	N/A	N/A	None	None
California Local Agency Investment Fund	N/A	N/A	None	None

(A) Securities issued by agencies of the federal government such as the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC)

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. These bond indentures did not disclose limitations for maximum percentage of portfolio and investment in one issuer. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Local Agency Municipal Bonds	N/A	Two highest rating category
U.S. Treasury Obligations	N/A	N/A
State of California Obligations	N/A	A2/A
CA Local Agency Obligations	N/A	N/A
U.S. Agency Securities (A)	N/A	N/A
Bankers Acceptances	1 year	A1
Commercial Paper	270 days	A1
Short-Term Certificates of Deposit	1 year	A-1
Repurchase Agreements	30 days	A
Money Market Mutual Funds	N/A	AA-M
Collateralized Bank Deposits	N/A	N/A
California Local Agency Investment Fund	N/A	N/A
Unsecured CD's, deposit accounts, time deposits, bankers acceptances	30 days	A-1
Special Revenue Bonds	N/A	AA
Prefunded Municipal Obligations	N/A	AAA
FDIC Insured deposit	N/A	N/A
Investment Agreements	N/A	N/A
Pre Refunded Municipal Obligations	N/A	Two highest rating category

(A) Securities issued by agencies of the federal government such as the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), Export-Import Bank, Farm Credit System Financial Assistance Corporation, Farmers Home Administration, General Services Administration, United States Maritime Administration, Small Business Administration, Government National Mortgage Association (GNMA), United States Department of Housing & Urban Development (PHA's), the Federal Home Loan Mortgage Corporation (FHLMC) and Federal Housing Administration debentures.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the City's investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Investment Type	12 Months or less	13 to 24 Months	Total
California Local Agency Investment Fund	\$30,825,898		\$30,825,898
<i>Held by Trustees:</i>			
Money Market Mutual Fund	52,240		52,240
US Treasury Notes	1,953,816	\$1,899,486	3,853,302
Total Investments	<u>\$32,831,954</u>	<u>\$1,899,486</u>	34,731,440
Cash in banks and on hand			104,626
Total Cash and investments			<u>\$34,836,066</u>

F. Local Agency Investment Fund

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2014 these investments matured in an average of 232 days.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

G. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2014 are provided by Standard and Poor's except as noted.

Investment Type	AAAm	Total Investment
Money Market Mutual Funds	<u>\$52,240</u>	\$52,240
<i>Not rated:</i>		
California Local Agency Investment Fund		30,825,898
Cash in banks and on hand		104,626
<i>Exempt from rating requirement:</i>		
U.S. Treasury Notes		<u>3,853,302</u>
Total Cash and Investments		<u>\$34,836,066</u>

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 4 - INTERFUND TRANSACTIONS

A. Transfers Between Funds

The purpose of the majority of transfers is to reimburse a fund, which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the fiscal year ended June 30, 2014 were as follows:

Fund Receiving Transfer	Fund Making Transfer	Amount Transferred
General Fund	Public Safety Special Revenue Fund	\$135,315
Special Revenue Funds		
Co-Sponsored Recreation	General Fund	392,483
Development Services	General Fund	203,852
Supplemental Law Enforcement Services	General Fund	19,061
Street Maintenance State Gasoline Tax	Street Improvements Measure A Grants Special Revenue Fund	280,763
Street Improvements Measure A Grants	General Fund	170,000
Athletic Field Maintenance	General Fund	30,000
Capital Project Fund		
General Facilities	General Fund	225,500
Bike Bridge	Street Improvements Measure A Grants Special Revenue Fund	1,826
Enterprise Fund		
Storm Drainage Enterprise Fund	Sewer Enterprise Fund	547,775
Internal Service Funds		
Self-Funded Vision	General Fund	2,711
Fleet and Equipment Management	Development Services Special Revenue Fund	147,500
Facilities Management	General Fund	174,290
		<u>\$2,331,076</u>

The purpose of the significant transfers that were not routine in nature or consistent with activities of the fund making the transfers is set forth below:

- (a) Transfer to fund upcoming capital projects
- (b) Transfer to repay loan

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

B. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. As of June 30, 2014, the General Fund was owed \$24,360 by the Supplemental Law Enforcement Services Special Revenue Fund and \$73,200 by the Street Maintenance State Gasoline Tax Special Revenue Fund.

C. Interfund Advance

During the fiscal year ending June 30, 2011, the Fleet and Equipment Management Internal Service Fund loaned \$1,404,518 to the Open Space Capital Projects Fund to finance the purchase of land parcels in the San Juan Canyon. Pursuant to Council Resolution, the loan may not exceed \$2 million, was due February 26, 2014, and bore interest at the interest rate earned on the City's investments in the California Local Agency Investment Fund (LAIF) and is to be re-set quarterly. The Open Space Capital Projects Fund repaid the Fleet and Equipment Management Internal Service Fund the outstanding balance of this advance, \$1,512,100, in October 2013.

NOTE 5 - NOTES RECEIVABLE

These notes are summarized below:

Project	Amount
Mid-Peninsula Horizons, Inc.	\$228,148
Owner Occupied Rehabilitation Assistance Program	13,479
Home Buyer Assistance Program	<u>708,730</u>
Total notes receivable	<u>\$950,357</u>

The former Belmont Redevelopment Agency (Agency) entered into the loan programs below to improve the quality of housing and to increase the availability of affordable housing. With the dissolution of the former Redevelopment Agency, the City became the successor to the former Agency's housing activities and as a result assumed the loans receivable as of February 1, 2012.

On September 30, 1992 the former Agency made a loan to **Mid-Peninsula Horizons, Inc.**, a nonprofit corporation, to assist in financing an affordable housing project. The Agency loan is secured by a second deed of trust. The loan bears interest at one percent per annum and is due along with interest in 2039 or the date the project is no longer subject to a related regulatory agreement with HUD, whichever is later.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 5 - NOTES RECEIVABLE (Continued)

In January 1999, the former Agency began funding loans under the **Owner Occupied Rehabilitation Assistance Program**. Proceeds of the loans are used to correct structural, health and safety deficiencies, and for cosmetic improvements for homeowners with very low, low, or moderate incomes. Loans are secured by deeds of trust and bear no interest.

In fiscal year 1998-99, the former Agency began providing financial assistance for first time home buyers through the **Home Buyer Assistance Program**. Loans provide down payment assistance to qualified home buyers in Belmont. Loans are long-term low interest loans for down payments on the purchase of single-family residences, town homes, or condominiums. Loans are secured by a deed of trust.

NOTE 6 - LAND HELD FOR RESALE

The City purchased parcels of land as part of efforts to develop or redevelop properties. Land held for resale is carried in the financial statements at the lower of cost or estimated net realizable value.

With the dissolution of the Redevelopment Agency in fiscal year 2012, the City elected to assume housing activities as the Housing Successor, and the land held for resale was transferred to the Affordable Housing Successor Special Revenue Fund on February 1, 2012.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 7 – CAPITAL ASSETS

A. Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	Balance June 30, 2013	Additions	Retirements	Transfers	Balance June 30, 2014
Governmental Activities					
Capital assets not being depreciated:					
Land	\$12,923,378		(\$313,475)		\$12,609,903
Construction in progress	99,803	\$70,225		(\$2,200)	167,828
Total capital assets not being depreciated	<u>13,023,181</u>	<u>70,225</u>	<u>(313,475)</u>	<u>(2,200)</u>	<u>12,777,731</u>
Capital assets being depreciated:					
Buildings and building improvements	38,571,828	113,945		2,200	38,687,973
Improvements other than buildings	711,859	119,911			831,770
Streets and infrastructure	41,592,399	928,430			42,520,829
Machinery and equipment	4,626,806	348,249			4,975,055
Vehicles	4,584,627	148,065	(71,820)		4,660,872
Total capital assets being depreciated	<u>90,087,519</u>	<u>1,658,600</u>	<u>(71,820)</u>	<u>2,200</u>	<u>91,676,499</u>
Less accumulated depreciation for:					
Buildings and building improvements	10,929,847	922,238			11,852,085
Improvements other than buildings	182,129	29,722			211,851
Streets and infrastructure	16,253,770	1,409,596			17,663,366
Machinery and equipment	4,456,393	155,074			4,611,467
Vehicles	3,117,273	306,738	(71,820)		3,352,191
Total accumulated depreciation	<u>34,939,412</u>	<u>2,823,368</u>	<u>(71,820)</u>		<u>37,690,960</u>
Total depreciable assets	<u>55,148,107</u>	<u>(1,164,768)</u>		<u>2,200</u>	<u>53,985,539</u>
Governmental activity capital assets, net	<u>\$68,171,288</u>	<u>(\$1,094,543)</u>	<u>(\$313,475)</u>		<u>\$66,763,270</u>

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 7 – CAPITAL ASSETS (Continued)

	Balance June 30, 2013	Additions	Transfers	Balance June 30, 2014
Business-type activities				
Capital assets not being depreciated:				
Land	\$14,792			\$14,792
Construction in progress	202,403		(\$202,403)	
Total capital assets not being depreciated	217,195		(202,403)	14,792
Capital assets being depreciated:				
Improvements other than buildings	25,085,455	\$729,955	202,403	26,017,813
Machinery and equipment	197,795	13,487		211,282
Total capital assets being depreciated	25,283,250	743,442	202,403	26,229,095
Less accumulated depreciation				
Improvements other than buildings	10,740,659	722,779		11,463,438
Machinery and equipment	197,795			197,795
Total accumulated depreciation	10,938,454	722,779		11,661,233
Total depreciable assets	14,344,796	20,663	202,403	14,567,862
Business-type activity capital assets, net	\$14,561,991	\$20,663		\$14,582,654

B. Capital Asset Contributions

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. These contributions require to be accounted for as revenues at the time the capital assets are contributed.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 7 – CAPITAL ASSETS (Continued)

C. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

Governmental Activities	
General Government	\$859,979
Public Safety	252,097
Highways and Streets	1,215,503
Culture and Recreation	194,093
Depreciation Charges to Internal Service Funds	<u>301,696</u>
Total Governmental Activities	<u><u>\$2,823,368</u></u>
Business-Type Activities	
Sewer	\$484,545
Storm Drainage	<u>238,234</u>
Total Business-Type Activities	<u><u>\$722,779</u></u>

NOTE 8 – LONG TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt.

This debt will be repaid only out of governmental funds but is not accounted for in these funds because this debt does not require an appropriation or expenditure in this accounting period.

Proprietary Fund (Enterprise) long-term debt is accounted for in the proprietary funds, which will repay the debt because these funds are accounted for on the full-accrual basis in a similar manner to commercial operations.

The City's debt issues and transactions are summarized below and discussed in detail thereafter.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 8 – LONG TERM DEBT (Continued)

A. Current Year Transactions and Balances

	Balance June 30, 2013	Retirements	Balance as of June 30, 2014	
			Due Within One Year	Due Beyond One Year
GOVERNMENTAL ACTIVITY DEBT				
Capital Lease				
2011 Lease Purchase Financing - Fire Truck				
4.75%, due 10/15/2021	\$445,372	\$46,965	\$49,222	\$349,185
2008 Seagrave Marauder II Fire Truck				
4.16%, due 2019	308,018	50,942	53,084	203,992
Total Governmental Activity Debt	753,390	97,907	102,306	553,177
BUSINESS-TYPE ACTIVITY DEBT				
2001 Sewer Revenue Bonds				
4.375%-5.00%, due serially to 2032	5,820,000	195,000	205,000	5,420,000
2006 Sewer Revenue Bonds				
4.00%-4.375%, due serially to 2036	6,575,000	175,000	180,000	6,220,000
2009A Sewer Treatment Facility Revenue Bonds				
3.00%-5.00%, due serially to 2042	8,345,000	160,000	165,000	8,020,000
Total Business-Type Activity Debt	20,740,000	530,000	550,000	19,660,000
Total Long-Term Obligations	\$21,493,390	\$627,907	\$652,306	\$20,213,177

B. Summary of Debt Issues

On December 5, 2001 the Authority issued \$7,500,000 principal amount of **Sewer Revenue Bonds, Series 2001**. Proceeds will be used to rehabilitate and improve the City's sanitary sewer system. Interest is due semiannually on February 1 and August 1 and principal is due annually on August 1 and is repayable from sewer service charges net of operating and maintenance expenses.

On February 15, 2006 the Authority issued \$7,500,000 principal amount of **Sewer Revenue Bonds, Series 2006**. Proceeds will be used to expand and improve the City's sanitary sewer system. Interest is due semiannually on February 1 and August 1 and principal is due annually on August 1 and is repayable from sewer service charges net of operating and maintenance expenses.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 8 – LONG TERM DEBT (Continued)

The pledge of future Sewer Fund Revenues ends upon repayment of \$18,393,796 in remaining debt service on the 2001 and 2006 Sewer Bonds which is scheduled to occur in 2036. For fiscal year 2014, Sewer Fund Revenues, excluding sewer treatment facility revenue, including operating revenues and non-operating interest earnings amounted to \$8,196,596 and operating costs including operating expenses, but not interest, depreciation or amortizations and amounted to \$4,956,443. Net Revenues available for debt service amounted to \$3,240,153 which represented coverage of 351% over the \$923,972 in debt service.

On December 30, 2009 the Authority issued \$8,500,000 principal amount of **Sewer Treatment Facility Revenue Bonds, Series 2009A**. Proceeds will be used to finance certain improvements to the Silicon Valley Clean Water's sewer treatment facility. Interest is due semiannually on February 1 and August 1 and principal is due annually on August 1 and is payable solely from Sewer Treatment Facility Revenues.

The pledge of future Sewer Treatment Facility charges ends upon repayment of \$14,382,014 in remaining debt service on the Bonds which is scheduled to occur in 2042. For fiscal year 2014, Sewer Facility Revenues amounted to \$3,108,838 and operating costs including operating expenses, but not interest, depreciation or amortizations and amounted to \$204,549. Net Revenue available for debt service amounted to \$2,904,289 which represented coverage of 575% over the \$505,082 in debt service.

C. Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt with specified repayment terms:

For the Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$102,306	\$28,495	\$550,000	\$878,202
2016	106,903	23,898	570,000	856,402
2017	111,708	19,092	590,000	833,637
2018	116,729	14,072	615,000	809,676
2019	90,359	8,823	635,000	784,652
2020 - 2024	127,478	7,658	3,610,000	3,502,675
2025 - 2029			4,515,000	2,624,570
2030 - 2034			4,725,000	1,514,449
2035 - 2039			2,900,000	649,016
2040 - 2042			1,500,000	112,531
Total	<u>\$655,483</u>	<u>\$102,038</u>	<u>\$20,210,000</u>	<u>\$12,565,810</u>

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 8 – LONG TERM DEBT (Continued)

D. 2011 Lease Purchase Financing – Fire Truck

On February 22, 2011, the District acquired the Ladder Truck for \$1,188,438 and financed the purchase with \$655,500 in federal awards and \$532,938 in proceeds from a ten year lease the District signed with a third party. Semiannual principal and interest payments are due until April 15, 2021.

E. 2008 Seagrave Fire truck

During fiscal 2012, due to the dissolution of Belmont-San Carlos Fire Department, the Belmont Fire Protection District assumed the remaining obligation of the lease.

F. Special Assessment Debt with no City Commitment

On February 4, 2004, the Community Facilities District No. 2000-1 issued Special Tax Bonds, Series 2004A for \$8,650,000 to finance the construction, operations and maintenance of a new library. The City has no legal or moral liability with respect to the payment of this debt, which is secured by proceeds of an annual special tax levy received by the District. Therefore, this debt is not included in Governmental Activities long-term debt of the City. As of June 30, 2014, the outstanding balance was \$6,855,000.

Pursuant to the terms of the underlying indenture for the Special Tax Bonds, the Trustee holds a Surety Bond issued by AMBAC Assurance Corporation as a debt service reserve for the Bonds. During fiscal 2010-11, AMBAC declared bankruptcy. As of the date of this report, the Trustee had not requested and the District had not obtained a replacement surety bond.

G. Authorized but Unissued Debt

Pursuant to Resolution #2011-1, passed on February 8, 2011, Council authorized the City to issue Belmont Joint Powers Financing Authority Sewer Treatment Facility Revenue Bonds, Series 2011B in an aggregate principal amount not to exceed \$10,500,000. As of June 30, 2014 these bonds had not been issued.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 9 – NET POSITION AND FUND BALANCES

Net Position is measured on the full accrual basis while Fund Balance is measured on the modified accrual basis.

A. Net Position

Net Position is the excess of all the City's assets and deferred outflows, if any, over all its liabilities and deferred inflows, if any, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

Unrestricted describes the portion of Net Position which is not restricted to use.

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for resale are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by resolution of the City Council which may be altered only by resolution of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; Nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed. Through a Council Resolution, the City council has designated the City Manager to determine the amount of assigned fund balances.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's fund balances, as of June 30, 2014, are below:

<u>Fund Balance Classifications</u>	<u>General Fund</u>	<u>Belmont Fire Protection District</u>	<u>Affordable Housing Successor Agency</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendables:					
Items not in spendable form:					
Prepays	\$269,588				\$269,588
Land held for resale	298,748				298,748
Total Nonspendable Fund Balances	568,336				568,336
Restricted for:					
Debt Service					
Transportation				\$1,540,353	1,540,353
Belmont Fire Protection District		\$4,166,944			4,166,944
Special Revenue Programs				1,420,181	1,420,181
Capital Projects				665,477	665,477
Special Assessment District				295,853	295,853
Affordable Housing Activities			\$4,001,590		4,001,590
Total Restricted Fund Balances		4,166,944	4,001,590	3,921,864	12,090,398
Committed to:					
Special Revenue Programs				104,039	104,039
Total Committed Fund Balances				104,039	104,039
Assigned to:					
Emergency Repair Reserve	667,103				667,103
General Plan Update	550,000				550,000
Affordable Housing Activities	160,000				160,000
Capital Projects				1,213,342	1,213,342
Total Assigned Fund Balances				1,213,342	2,590,445
Unassigned	6,258,460				6,258,460
Total Fund Balances	\$8,203,899	\$4,166,944	\$4,001,590	\$5,239,245	\$21,611,678

C. Minimum Fund Balance Policies

The City Council has established a policy with adoption of the annual budget that the General Fund unrestricted fund balance should be maintained at a target of 33% of operating expenditures with a \$5,000,000 minimum. In addition, the City Council has established a \$50,000 Contingency appropriation which may be used to pay for an emergency or an uncertain occurrence. The use of contingency funds requires City Council approval. As of June 30, 2014, the City is in compliance with its minimum fund balance policies.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 10 - RETIREMENT BENEFITS

A. CALPERS Safety and Miscellaneous Employees Plans

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) a multiple employer cost sharing defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2014, are summarized as follows:

	City Safety		City Miscellaneous	
	Tier 1	Tier 2	Tier 1	Tier 2
Hire date	Prior to January 1, 2012	After January 1, 2012	Prior to January 1, 2012	After January 1, 2012
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50	50-55	50-63	50-63
Monthly benefits, as a % of annual salary	3%	2.400%-3%	1.426%-2.418	1.426%-2.418
Required employee contribution rates	9%	9%	7%	7%
Required employer contribution rates	37.833%	20.774%	15.002%	10.773%

	District Safety
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50-55
Monthly benefits, as a % of annual salary	2.400%-3%
Required employee contribution rates	9%
Required employer contribution rates	20.774%

The City's Safety and Miscellaneous Tier 2 plans cover new employees hired after January 1, 2012. The City's Safety and Miscellaneous Tier 3 plans covers new employees hired after January 1, 2013. The District's Safety plan covers Fire Protection District employees it hired as a result of the District's commencement of providing fire services as a result of service cessation by the Belmont-San Carlos Fire Department.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 10 - RETIREMENT BENEFITS (Continued)

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the last three fiscal years were as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<i>City Safety Plan - Tier 1</i>			
June 30, 2012	\$1,300,357	100%	\$0
June 30, 2013	1,063,145	100%	0
June 30, 2014	1,005,638	100%	0
<i>City Safety Plan - Tier 2</i>			
June 30, 2013	\$24,064	100%	\$0
June 30, 2014	42,246	100%	0
<i>City Safety Plan - Tier 3</i>			
June 30, 2014	\$28,121	100%	\$0
<i>City Miscellaneous Plan - Tier 1</i>			
June 30, 2012	\$1,108,299	100%	\$0
June 30, 2013	1,051,750	100%	0
June 30, 2014	1,063,688	100%	0
<i>City Miscellaneous Plan - Tier 2</i>			
June 30, 2013	\$1,436	100%	\$0
June 30, 2014	13,143	100%	0
<i>City Miscellaneous Plan - Tier 3</i>			
June 30, 2013	\$3,692	100%	\$0
June 30, 2014	21,941	100%	0
<i>District Safety Plan</i>			
June 30, 2012	\$382,181	100%	\$0
June 30, 2013	361,526	100%	0
June 30, 2014	553,680	100%	0

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 10 - RETIREMENT BENEFITS (Continued)

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.50% is assumed, including inflation rate at 2.75%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

As required by new State law, effective July 1, 2005, the City's Miscellaneous and Safety Plans were terminated, and the employees in those plans were required by CALPERS to join new State-wide pools. One of the conditions of entry to these pools was that the City true-up any unfunded liabilities in the former Plans, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The City satisfied its Miscellaneous Plan's unfunded liability of \$3,400,416 agreeing to contribute that amount to the Side Fund through an addition to its normal contribution rates over the next 14 years. It satisfied its Safety Plan's liability of \$3,277,883 by agreeing to contribute that amount to the Side Fund through an addition to its normal contribution rates over the next 7 years.

The Plans' actuarial value (which differs from market value) and funding progress are set forth below at their actuarial valuation date of June 30, 2012. The City Safety Tier 2, Miscellaneous Tier 2, and District Safety Plans did not have participating members prior to June 30, 2011.

City Safety Plan - Tier 1:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as % of Payroll
2010	\$10,165,475,166	\$8,470,235,152	\$1,695,240,014	83.3%	\$955,980,815	177.3%
2011	10,951,745,049	9,135,654,246	1,816,090,803	83.4%	949,833,090	191.2%
2012	11,724,021,480	9,854,787,710	1,869,233,770	84.1%	947,734,809	197.2%

City Safety Plan - Tier 2:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as % of Payroll
2012	\$2,183,549,942	\$1,896,139,291	\$287,410,651	86.8%	232,078,083	123.8%

The City's Safety Tier 1 Plan represent 0.39% (\$3,705,460), 0.35% (\$3,342,443), and 0.35% (\$3,305,117) of the State-wide pool for each of the years ended June 30, 2012, 2011 and 2010, based on covered payroll for those years. The estimated actuarial unfunded liability are \$7,308,342, \$6,390,785 and \$5,860,961 for the years ended June 30, 2012, 2011 and 2010, based on covered payroll for those years.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 10 - RETIREMENT BENEFITS (Continued)

City Miscellaneous Plan - Tier 1 and 2:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as % of Payroll
2010	\$3,309,064,934	\$2,946,408,106	\$362,656,828	89.0%	\$748,401,352	48.5%
2011	3,619,835,876	3,203,214,899	416,620,977	88.5%	759,263,518	54.9%
2012	4,175,139,166	3,686,598,343	488,540,823	88.3%	757,045,663	64.5%

The City's Miscellaneous Tier 1 Plan represent 1.05% (\$7,935,126), 0.97% (\$7,355,193) and 0.91% (\$6,775,383) of the State-wide pool for each of the years ended June 30, 2012, 2011 and 2010, based on covered payroll for those years. The estimated actuarial unfunded liability are \$5,120,738, \$4,035,921 and \$3,283,184 for the years ended June 30, 2012, 2011 and 2010, based on covered payroll for those years.

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709 or by visiting their website www.calpers.ca.gov.

B. Deferred Compensation Plans

City/District employees may defer a portion of their compensation under City/District sponsored Deferred Compensation Plans created in accordance with Internal Revenue Code Section 457. Under these Plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, and death or in an emergency as defined by the Plans.

The City/District has no liability for any losses incurred by the Plans and do not participate in any gains, but do have the duty of due care that would be required of an ordinary prudent investor. The City/District have contracts with various Administrators to manage and invest the assets of the Plans. The administrators pool the assets of the Plans with those of other participants and do not make separate investments for the City/District. The assets in the Plans are the sole property of the participants or their beneficiaries. Since the assets held under these plans are not the City's /Districts property and are not subject to claims by general creditors of the City/District, they have been excluded from these financial statements. The Plans require investments to be stated at fair market value and it requires all gains and losses on Plans investments to accrue directly to Participants accounts.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 10 - RETIREMENT BENEFITS (Continued)

C. *Public Employees' Pension Reform Act (PEPRA)*

Assembly Bill (AB) 340 pension reform created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member under PEPRA.

The Table below provides information on the benefit formula compensation information on the benefit formula, final compensation period and the employer and member contribution rates effective January 1, 2013 for any safety and miscellaneous employees that meet the definition of a new member under PEPRA.

Benefit Formula	Safety 2.7% at Age 57	Miscellaneous 2% at Age 62
Final Compensation Period	3 Year Final Compensation	3 Year Final Compensation
Employer Contribution Rate as a percentage payroll	11.50% of Reportable Compensation	6.50% of Reportable Compensation
Member Contribution Rate as a percentage of payroll	11.50% of Reportable Compensation	6.50% of Reportable Compensation

The employer contribution rate listed above is through June 30, 2014. In accordance with PEPRA and CalPERS interpretation of the term similarly situated, the member contribution rate shown in the above table was set at 50 percent of the expected total normal cost rate for the benefits that will apply to new safety and miscellaneous members on January 1, 2013 rounded to the nearest one quarter of one percent. The total normal cost rate used for this calculation is 23.0% of payroll for safety members and 13.0% of payroll for miscellaneous members. As of June 30, 2014 the City has 5 employees participating in Tier 3 Safety Plan, and 5 employees participating in Tier 3 Miscellaneous Plan.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

During fiscal year 2009, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB).

By resolution and through agreements with its labor units, the City and District provide certain health care benefits for retired employees (spouse and dependents are not included) under third-party insurance plans. The City and District participate in the CalPERS health care plan, a single employer plan, which is governed under the California Public Employees Health and Medical Care Act (PEMCHA). A summary of eligibility and retiree contribution requirements are shown below by bargaining unit:

Service or Disability Retirement from the City

- Age and service requirements:

AFSCME

- 50 & 10 hired before 7/1/1985
- 50 & 12 hired after 7/1/1985
- 50 & 10 hired after 8/1/2012

BPOA

- 50 & 12 hired before 10/11/2011
- 50 & 10 hired after 10/11/2011

MMCEA & Unrepresented

- 50 & 12
- 50 & 10 hired after 10/1/2012

Service or Disability Retirement from Belmont Fire Protection District

- 50 & 5

Service Retirement:

- Retire before 7/1/2001 - Single premium for retiree selected plan
- Retire after 7/1/2001 - Receive a benefit which, when added to the CalPERS Minimum Employer Contribution, brings the total up to the lesser of the Bay Area single premium rate for the medical plan selected by the retiree and the Bay Area Kaiser single rate.
- Hired after 10/11/2011, 8/1/2012, 10/1/2012 - Contribution to a retirement health savings account
- Service eligibility requirement not met - Public Employees' Medical Hospital Care Act (PEMHCA) minimum only.

Disability Retirement:

- Miscellaneous Group - Same benefit as service retirement or PEMHCA if eligibility requirement not met.
- BPOA - same benefit as service retirement but without the age or service requirement.

Retirement for BFPD:

- Retirement Health Savings Account (RHSA), with BFD contributions for active employees based on years of service (RHSA not included)

Transitioning to BFPD from BSCFD (or on active eligible list until 10/1/13):

- Single premium up to the Kaiser Bay Area rate
- In lieu of contributions to RHSA

City:

- Public Employees Medical Hospital Care Act (PEMHCA) minimum only.

BFPD:

- Based on CalPERS retirement election
- PEMHCA Minimum
- Equal Method

CalPERS minimum employer contribution:

<u>YEAR</u>	<u>PEMHCA Minimum</u>
2014	\$119.00
2015+	Increase 4.5%/yr

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

As of June 30, 2014, approximately 73 City participants and 3 District participants were eligible to receive retiree benefits.

A. Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of the April 1, 2014 actuarial valuation using the entry age normal actuarial cost method for the City and a February 14, 2012 study for the District also used this method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.61% investment rate of return for the City and 7.25% for the District, (b) 3.25% projected annual salary increase, (c) 6.0% inflation rate for the City and 3.0% for the District, and (d) the following health inflation increases:

City			District		
Year Beginning	Under 65	65 and Older	Year	Non-Medicare	Medicare
January 1, 2014	8.50%	8.90%			
January 1, 2015	8.00%	8.30%	2015	8.00%	8.30%
January 1, 2016	7.50%	7.80%	2016	7.50%	7.80%
January 1, 2017	7.00%	7.20%	2017	7.00%	7.20%
January 1, 2018	6.50%	6.70%	2018	6.50%	6.70%
January 1, 2019	6.00%	6.10%	2019	6.00%	6.10%
January 1, 2020	5.50%	5.60%	2020	5.50%	5.60%
January 1, 2021 +	5.00%	5.00%	2021+	5.00%	5.00%

The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll with a closed 27 year amortization period remaining. The Belmont Fire Protection District (District) benefit plan was established on October 1, 2011.

In accordance with the City's and District's budgets, the ARC is to be funded throughout the year as a percentage of payroll. During the year ended 2008, the City Council and, during the fiscal year ended 2012 the District passed resolutions to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administrated by CalPERS, and is managed by an appointed board not under the control of the City Council or Fire Board of Directors. These Trusts are not considered a component unit by the City or District and have been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

B. Funding Progress and Funded Status

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2014, the City and District made contributions equal to the ARC, as shown below:

	<u>City</u>	<u>District</u>
Annual required contribution (ARC) and Annual OPEB cost	\$867,000	\$204,000
Contributions:		
Contributions to CERBT	(392,192)	(191,244)
Benefits Payment	(474,808)	(12,756)
Total contribution made:	<u>(867,000)</u>	<u>(204,000)</u>
 (Decrease) increase in net OPEB obligations		
Net OPEB obligation (asset) June 30, 2013	<u> </u>	<u> </u>
Net OPEB obligation (asset) June 30, 2014	<u> </u>	<u> </u>

The City's Plan annual required contributions and actual contributions for the years ended June 30 are set forth below:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2012	\$838,000	\$838,000	100%	\$0
6/30/2013	840,000	840,000	100%	0
6/30/2014	867,000	867,000	100%	0

BFPD's annual required contribution and actual contributions for the years ended June 30 are set forth below:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2012	\$145,000	\$145,000	100%	\$0
6/30/2013	200,000	200,000	100%	0
6/30/2014	204,000	204,000	100%	0

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial study is presented below:

(in thousands)

Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
6/30/2011	\$1,612	\$7,365	(5,753)	21.89%	\$11,754	-48.9%
6/30/2012	2,150	7,475	(5,325)	28.76%	11,011	-48.4%
6/30/2013	2,774	9,637	(6,863)	28.78%	10,291	-66.7%

Trend data from the District's latest actuarial study dated October 1, 2011 is presented below:

(in thousands)

Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
10/1/2011	0	0	0	0.00%	\$2,346	0.0%

NOTE 12 – RISK MANAGEMENT

A. Liability Coverage

The City purchases commercial insurance against general liability with coverage of \$25,000,000 per occurrence above the City's \$250,000 self-insured retention. The City has automotive liability with coverage of \$3,144,122 above the City's self-insured retention of \$1,000 and \$5,000 and property coverage at the replacement value of the property with a limit of \$1,000,000,000 above the City's deductible of \$10,000. The City also purchases pollution insurance against general liability with coverage of \$10,000,000 per occurrence and up to \$50,000,000 in aggregate.

The Belmont Fire Protection District purchases commercial insurance against general liability with coverage of \$1,000,000 per occurrence and up to \$2,000,000 in aggregate. The District has automotive liability with coverage of \$1,000,000 above the deductible of \$1,000.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 12 – RISK MANAGEMENT (Continued)

B. Workers Compensation Coverage

Effective December 1, 2004 the City purchased insurance for workers compensation through CSAC Excess Insurance Authority with coverage up to statutory limits. This policy also covers Belmont Fire Protection District as of October 1, 2011. Prior to that date the City purchased commercial insurance for workers compensation coverage up to statutory limits. The City had no deductible for these losses.

C. Liability for Uninsured Claims

The City provides for the uninsured portion of claims and judgments in the Workers' Compensation and General Liability Internal Service Funds. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed, above, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims.

For the years ended June 30, 2014, 2013 and 2012 the amount of settlements did not exceed insurance coverage.

The City's liability for uninsured claims is limited to workers' compensation and general liability claims, as discussed above, and was estimated by management based on prior year's claims experience as follows:

	<u>2013-2014</u>	<u>2012-2013</u>	<u>2011-2012</u>
Balance, July 1	\$765,797	\$308,892	\$365,479
Net change in claims liabilities	307,608	1,148,687	205,559
Claims paid	<u>(251,329)</u>	<u>(691,782)</u>	<u>(262,146)</u>
Balance, June 30	<u>\$822,076</u>	<u>\$765,797</u>	<u>\$308,892</u>

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 12 – RISK MANAGEMENT (Continued)

D. *Claims Liability due to BFI Waste Systems of North America, Inc. Settlement Agreement*

On November 8, 2011, BFI Waste Systems of North America, Inc. (Allied) filed a claim with the City alleging that the City owes BFI for a balancing account shortfall of \$1,018,812 plus interest. The claim was based on a ten year solid waste collection franchise agreement between the City and BFI that expired in 2010. On March 14, 2013 the Settlement Agreement was reached and the City agreed to pay Allied a settlement payment of \$1,018,000 plus interest at the rate of 4.25% per annum. The remaining balance of \$250,000 is outstanding as of June 30, 2014. Annual settlement payments are shown below. Interest payments will be waived if the City pays all required principal payments on or before the dates specified in the agreement.

For the Year Ending June 30	Payments Principal
2015	\$75,000
2016	175,000
Total	<u>\$250,000</u>

NOTE 13 – JOINT VENTURES

The City participates in the joint ventures discussed below through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint venture is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint venture, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these joint ventures are not the City's responsibility and the City generally does not have an equity interest in the assets of each joint venture except upon dissolution of the joint venture.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 13 – JOINT VENTURES (Continued)

A. Equity interests

The City has recorded its equity interest in the follow joint venture:

Silicon Valley Clean Water Joint Powers Authority (SVCW), formerly known as South Bayside System Authority, was formed in 1975 between the Cities of San Carlos, Belmont and Redwood City and the West Bay Sanitary District to operate a wastewater treatment facility. The cost of operating and maintaining the facility is divided in proportion to the volume of sewage entering from each member entity. The City's contribution toward the cost of operating and maintaining the facility during the year ended, June 30, 2014 was \$2,470,622. In addition, during fiscal year 2008-09, the SVCW and its members authorized the commencement of a major 10 year renovation and replacement project to its infrastructure wastewater facility. In conjunction with that project the City is obligated to fund its share of project costs. Financial statements may be obtained by mailing a request to the Silicon Valley Clean Water, 1400 Radio Road, Redwood City, CA 94065.

The City has an equity interest in the assets of SVCW, which has been recorded as Investment in SVCW in the Sewer Operations Enterprise Fund based on the latest audited financial statement of SVCW as of June 30, 2013. As of June 30, 2014 the City's equity amounted to \$20,433,823.

B. Jointly Governed Organizations

The City also participates in the following jointly governed organizations under which it is obligated to fund annual operating costs, but there is no ongoing equity interest in the assets of the organizations:

City/County Association of Governments of San Mateo County (C/CAG) was formed in 1990 between the various cities in San Mateo County to prepare, adopt, monitor and enforce state mandated plans for the management of traffic congestion, integrated solid waste, airport land use, hazardous waste and county-wide housing element. The City's contribution to C/CAG was \$108,906 for the year ended June 30, 2014. Financial statements may be obtained by mailing a request to the City of San Carlos, 666 Elm Street, San Carlos, CA 94070.

Peninsula Traffic Congestion Relief Agency was formed by the cities of San Mateo County and San Mateo County to attempt to mitigate traffic congestion. The Agency is funded through a Countywide sales tax levied for transportation systems improvements.

Belmont-San Carlos Fire Department was formed in 1979 between the City of San Carlos and Belmont Fire Protection District on an equal basis to provide more efficient fire protection services. Any assets used by the Department but owned by the member agencies prior to the creation of the Department remain the property of the members.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 13 – JOINT VENTURES (Continued)

On September 30, 2011, the Department terminated providing services to the Members. As a result, the Department's employees were laid off, its capital assets were distributed to the Members and certain lease obligations were assumed by the Members. Subsequent to that date, the Department operates in an inactive mode, collecting Member contributions to fund legacy costs, such as pension and retiree medical obligations and claims payable, remaining after service termination. As required under the Agreement, these legacy costs are funded through contributions from Members according to the average of annual funding formulas used to determine Member contributions.

South Bayside Waste Management Authority (SBWMA) is a joint powers agreement formed on October 13, 1999. Members of the South Bayside Waste Management Authority currently include the cities of Atherton, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, as well as the West Bay Sanitary District and the County of San Mateo. The Members are required by AB939 to reduce, recycle and reuse solid waste generated within their respective jurisdictions and to provide source reduction, recycling and composting activities. The South Bayside Waste Management Authority's purpose is to assist its members in meeting these requirements.

NOTE 14 - COMMITMENTS AND CONTINGENT LIABILITIES

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation, which is likely to have a material adverse effect on the financial position of the City.

The California Department of Finance (DOF) has demanded that the Successor Agency of the former Redevelopment Agency (RDA) recover from the City and remit to the Auditor-Controller of the County of San Mateo, the amount of \$1,333,533 for distribution to other taxing entities. The amount demanded consists of payments that the former Redevelopment Agency made to contractors, consultants, vendors, and the City between January 1, 2011 and January 31, 2012, for goods and services, primarily for the construction of public works within the Project Area.

Health & Safety Code section 34179.5(b)(3) defines "transferred" as the transmission of money to another party that is not in payment for goods and services. DOF characterized the payments in question as disallowed transfers and did not acknowledge that the payments were for goods and services. Among other challenges, the petition disputes that assets were "transferred" within the meaning of Health & Safety Code section 34179.5(b)(3), and asserts that the majority of the payments (\$1,084,963 of the \$1,333,533 in dispute) were for capital costs paid for with bond proceeds that are not subject to distribution under the Dissolution Act. Settlement negotiations were ongoing at June 30, 2014. Subsequent to June 30, 2014, the City and DOF reached a settlement agreement which resolved the disputed payments.

The City participates in Federal, State and local grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act of 1984 as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 15 – RDA OBLIGATION RETIREMENT TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES

A. *Redevelopment Dissolution*

Effective January 31, 2012, all Redevelopment Agencies were dissolved. Certain assets of the former Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and all remaining former Redevelopment Agency assets and liabilities were distributed to the Successor Agency.

ABx1 26 and AB1484 directed the State Controller to review the activities of all former redevelopment agencies and successor agencies to determine whether an asset transfer between a former redevelopment agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency. As of June 30, 2014, the State Controller's Office has not completed its asset transfer review.

B. *Capital Assets*

Activity of the Successor Agency's Capital Assets is presented below:

	Balance June 30, 2013	Additions	Balance June 30, 2014
Governmental Activities			
Capital assets being depreciated:			
Improvements other than buildings	\$2,470,649		\$2,470,649
Total capital assets being depreciated	2,470,649		2,470,649
Less accumulated depreciation for:			
Improvements other than buildings	427,519	\$98,826	526,345
Total accumulated depreciation	427,519	98,826	526,345
Total depreciable assets	2,043,130	(98,826)	1,944,304
Governmental activity capital assets, net	\$2,043,130	(\$98,826)	\$1,944,304

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 15 – RDA OBLIGATION RETIREMENT TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)

C. Long-Term Debt

1. Current Year Transactions and Balances

The Successor Agency assumed the long-term obligations of the former Redevelopment Agency as of February 2012. The debt issues and transactions are summarized below.

	Balance June 30, 2013	Retirements	Balance as of June 30, 2014	
			Due Within One Year	Due Beyond One Year
Redevelopment Long-Term Bonds Payable:				
1996 Series Housing Set-Aside Bonds, 7.55%-7.75%, due serially to 2017	\$1,070,000	\$240,000	\$255,000	\$575,000
1999 Series A Refunding Bonds, 5.00%-5.85%, due serially to 2030	9,020,000	690,000	725,000	7,605,000
1999 Series B Subordinated Bonds, 5.00%-5.85%, due serially to 2030	6,690,000	245,000	260,000	6,185,000
Total	\$16,780,000	\$1,175,000	\$1,240,000	\$14,365,000

2. Summary of Debt Issues

On April 1, 1996, the former Redevelopment Agency issued \$3,265,000 principal amount of **Los Costanos Community Development Project Area Housing Set-Aside Tax Allocation Bonds (Taxable), Series 1996**. Proceeds from the Bonds were used to increase, improve and preserve low and moderate income housing in the project area. Interest is due semiannually on February 1 and August 1 and principal is due annually on August 1 and is repayable from incremental property tax revenues required to be set aside to fund low and moderate income housing projects. The pledge of future incremental property tax revenues ends upon repayment of the \$929,975 in remaining debt service on the Bonds scheduled to occur in 2017.

Prior to February 1, 2012, tax increment revenues were used to fund debt service on the Bonds. As the result of the dissolution of the former Redevelopment Agency pursuant to state law, the Successor Agency assumed the Bonds and receives payments from the County's Redevelopment Property Tax Trust Fund (CRPTTF) to pay debt services and fund other activities of the former Redevelopment Agency.

CITY OF BELMONT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 15 – RDA OBLIGATION RETIREMENT TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)

On December 1, 1999, the former Redevelopment Agency approved the issuance of \$15,490,000 and \$8,725,000 principal amounts of Los Costanos Community Development Project Senior Tax Allocation Refunding, Series 1999A and Subordinated Tax Allocation Bonds, Series 1999B. Proceeds from the 1999A Bonds were used to repay the Note Payable to the City and advance refund the Subordinated Tax Allocation Bonds, Series 1994A and 1992A (Prior Bonds). Series 1999A proceeds along with funds remaining from the Prior Bonds were used to acquire US government securities, which were placed in irrevocable trusts to be used to repay all future debt service on the Prior Bonds. Unspent proceeds from the Series 1999B Bonds as of June 30, 2014 amounted to \$3,275,146. The Prior Bonds are considered defeased and have been removed, along with the trusts, from the financial statements. The balance outstanding on the Prior Bonds at June 30, 2014 was \$5,775,000.

Proceeds from the Series 1999B Bonds are to be used to finance various redevelopment projects. Interest is due semiannually on February 1 and August 1 and principal is due annually on August 1. Debt service on the 1999A bonds is repayable from incremental property tax revenues, net of low and moderate income housing set-asides required by State law. The 1999B Bonds are subordinated to the Agency's obligation to pay debt service on the 1999A Bonds and certain pass-through amounts owed to other government agencies. The pledge of future incremental property tax revenues ends upon repayment of \$21,122,558 for Series 1999A and Series 1999B Bonds in remaining debt service which is scheduled to occur in 2030.

3. Debt Service Requirements

Annual debt service requirements are shown below:

For the Year Ending June 30:	Principal	Interest
2015	\$1,240,000	\$860,184
2016	1,310,000	785,598
2017	1,395,000	705,259
2018	1,155,000	631,335
2019	830,000	575,908
2020 - 2024	4,900,000	2,100,973
2025 - 2029	3,970,000	765,038
2030	805,000	23,238
Total	<u>\$15,605,000</u>	<u>\$6,447,533</u>

4. Subsequent Event - Issuance of Refunding Bonds

On August 19, 2014, the Successor Agency issued the \$7,375,000 Series 2014A Senior Tax Allocation Refunding Bonds to refund the outstanding 1999A Bonds; and the \$3,050,000 Series 2014B Subordinate Tax Allocation Refunding Bonds to refund both outstanding 1999B Bonds and 1996 Housing Set-Aside Bonds.

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Recreation – To account for certain recreation programs where a large portion of the expenditures are financed by user fees.

Library Maintenance and Operations – To account for funds restricted for the maintenance and operations of the library, which is financed by parcel tax and special tax revenue.

City Trees – To account for the removal of trees required for the development of property, which is financed by user fees.

Development Services - To account for resources received from current planning and building inspection fees and permits, which is financed by user fees.

Supplemental Law Enforcement Services – To account for resources received from the State of California to be spent on front line law enforcement needs.

Public Safety – To account for grants and donations committed to the Police Department's activities and the City's red light camera program.

Street Maintenance State Gasoline Tax – To account for gas tax resources restricted for expenditure on streets.

Street Improvements Measure A Grants – To account for the City's portion of the special half cent sales tax receipts restricted for street expenditures and other street related grants.

Traffic Mitigation – To account for resources received and restricted for expenditures on relieving traffic congestion.

Athletic Field Maintenance – To account for athletic field maintenance and operations, which are financed by player registration fees.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

CAPITAL PROJECTS FUNDS

General Facilities – To account for the construction and maintenance of improvements to general-use City facilities.

Comcast – To account for the purchase and installation of hardware within City Hall to broadcast events to Pen TV, our Public Education Government Channel.

Planned Park – To account for the acquisition and improvement of parks, playgrounds, and recreation facilities.

Special Assessment District – To account for maintenance and improvement costs within City's Special Assessment District boundaries. Resources represent funds remaining after the retirement of Special Assessment Debt.

Open Space – To account for the accumulation of resources for the acquisition, preservation, and improvements of open space.

Highway 101 Bike Pedestrian Bridge – To account for resources received and to be expended on the construction of Highway 101 Bike/Pedestrian Bridge Project.

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CITY OF BELMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2014

	SPECIAL REVENUE FUNDS				
	Recreation	Library Maintenance and Operations	City Trees	Development Services	Supplemental Law Enforcement Services
ASSETS					
Cash and investments	\$98,212	\$949,724	\$315,191	\$152,098	
Receivables:					
Accounts		3,543			\$24,360
Due from other governmental agencies					
Due from other funds					
Total Assets	<u>\$98,212</u>	<u>\$953,267</u>	<u>\$315,191</u>	<u>\$152,098</u>	<u>\$24,360</u>
LIABILITIES					
Accounts payable, and other liabilities / contracts payable	\$35,238	\$263	\$3,846	\$52,995	
Deposits	62,974				
Due to other funds					\$24,360
Total Liabilities	<u>98,212</u>	<u>263</u>	<u>3,846</u>	<u>52,995</u>	<u>24,360</u>
FUND BALANCES					
Restricted		953,004	311,345		
Committed				99,103	
Assigned					
Total Fund Balances	<u></u>	<u>953,004</u>	<u>311,345</u>	<u>99,103</u>	<u></u>
Total Liabilities and Fund Balances	<u>\$98,212</u>	<u>\$953,267</u>	<u>\$315,191</u>	<u>\$152,098</u>	<u>\$24,360</u>

SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUND
Public Safety	Street Maintenance State Gasoline Tax	Street Improvements Measure A Grants	Traffic Mitigation	Athletic Field Maintenance	General Facilities
\$3,623		\$1,495,406		\$158,604	\$869,146
1,313	\$18,869				
	62,410	90,456			
<u>\$4,936</u>	<u>\$81,279</u>	<u>\$1,585,862</u>		<u>\$158,604</u>	<u>\$869,146</u>
	\$8,079	\$45,509		\$2,772	
	73,200				
	81,279	45,509		2,772	
\$4,936		1,540,353		155,832	
					\$869,146
4,936		1,540,353		155,832	869,146
<u>\$4,936</u>	<u>\$81,279</u>	<u>\$1,585,862</u>		<u>\$158,604</u>	<u>\$869,146</u>
					(Continued)

CITY OF BELMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2014

	CAPITAL PROJECTS FUND					Total Nonmajor Governmental Funds
	Comcast	Planned Park	Special Assessment District	Open Space	Highway 101 Bike Pedestrian Bridge	
ASSETS						
Cash and Investments	\$351,026	\$317,697	\$295,853	\$344,562		\$5,351,142
Receivables:						
Accounts		2,341				50,426
Due from other governmental agencies						152,866
Due from other funds						
Total Assets	<u>\$351,026</u>	<u>\$320,038</u>	<u>\$295,853</u>	<u>\$344,562</u>		<u>\$5,554,434</u>
LIABILITIES						
Accounts payable, and other liabilities / contracts payable		\$5,587		\$366		\$154,655
Deposits						62,974
Due to other funds						97,560
Total Liabilities		<u>5,587</u>		<u>366</u>		<u>315,189</u>
FUND BALANCES						
Restricted	\$351,026	314,451	\$295,853			3,921,864
Committed						104,039
Assigned				344,196		1,213,342
Total Fund Balances	<u>351,026</u>	<u>314,451</u>	<u>295,853</u>	<u>344,196</u>		<u>5,239,245</u>
Total Liabilities and Fund Balances	<u>\$351,026</u>	<u>\$320,038</u>	<u>\$295,853</u>	<u>\$344,562</u>		<u>\$5,554,434</u>

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CITY OF BELMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS				
	Recreation	Library Maintenance and Operations	City Trees	Development Services	Supplemental Law Enforcement Services
REVENUES					
Taxes		\$297,031			
Licenses and permits				\$786,146	
Fines and forfeitures				2,210	
Use of money and property	\$11	386	\$107	78	
Intergovernmental	38,613				\$100,000
Charges for current services	1,598,308		97,536	1,286,529	
Miscellaneous	12,946	388		1,480	
Total Revenues	1,649,878	297,805	97,643	2,076,443	100,000
EXPENDITURES					
Current:					
Public safety					119,061
Highways and streets				274,321	
Culture and recreation	2,042,361	336,227	18,074		
Urban redevelopment				1,821,552	
Capital outlay					
Debt service:					
Interest and fiscal charges					
Total Expenditures	2,042,361	336,227	18,074	2,095,873	119,061
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(392,483)	(38,422)	79,569	(19,430)	(19,061)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets					
Transfers in	392,483			203,852	19,061
Transfers (out)				(147,500)	
Total Other Financing Sources (Uses)	392,483			56,352	19,061
NET CHANGE IN FUND BALANCES		(38,422)	79,569	36,922	
BEGINNING FUND BALANCES		991,426	231,776	62,181	
ENDING FUND BALANCES		\$953,004	\$311,345	\$99,103	

SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUND
Public Safety	Street Maintenance State Gasoline Tax	Street Improvements Measure A Grants	Traffic Mitigation	Athletic Field Maintenance	General Facilities
	\$800,882	\$661,151			
\$86,899 63		466	\$8	\$55	\$320
	459,440	482,768		74,707	53,750
1,163	28,295	48,818			
88,125	1,288,617	1,193,203	8	74,762	54,070
61,583	1,569,380				
				40,677	
34,984		955,455	47,818	25,955	116,717
96,567	1,569,380	955,455	47,818	66,632	116,717
(8,442)	(280,763)	237,748	(47,810)	8,130	(62,647)
(135,315)	280,763	170,000 (282,589)		30,000	225,500
(135,315)	280,763	(112,589)		30,000	225,500
(143,757)		125,159	(47,810)	38,130	162,853
148,693		1,415,194	47,810	117,702	706,293
\$4,936		\$1,540,353		\$155,832	\$869,146
					(Continued)

CITY OF BELMONT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	CAPITAL PROJECTS FUND					
	Comcast	Planned Park	Special Assessment District	Open Space	Highway 101 Bike Pedestrian Bridge	Total Nonmajor Governmental Funds
REVENUES						
Taxes						\$1,759,064
Licenses and permits						786,146
Fines and forfeitures						89,109
Use of money and property		\$135	\$4,278	\$83		5,990
Intergovernmental	\$146					675,277
Charges for current services						3,516,520
Miscellaneous		9,341				102,431
Total Revenues	146	9,476	4,278	83		6,934,537
EXPENDITURES						
Current:						
Public safety						180,644
Highways and streets						1,843,701
Culture and recreation				151,364		2,588,703
Urban redevelopment						1,821,552
Capital outlay	15,330	57,771			1,826	1,255,856
Debt service:						
Interest and fiscal charges				4,126		4,126
Total Expenditures	15,330	57,771		155,490	1,826	7,694,582
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,184)	(48,295)	4,278	(155,407)	(1,826)	(760,045)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets				2,050,000		2,050,000
Transfers in					1,826	1,323,485
Transfers (out)						(565,404)
Total Other Financing Sources (Uses)				2,050,000	1,826	2,808,081
NET CHANGE IN FUND BALANCES	(15,184)	(48,295)	4,278	1,894,593		2,048,036
BEGINNING FUND BALANCES	366,210	362,746	291,575	(1,550,397)		3,191,209
ENDING FUND BALANCES	\$351,026	\$314,451	\$295,853	\$344,196		\$5,239,245

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CITY OF BELMONT
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS					
	RECREATION			LIBRARY MAINTENANCE AND OPERATIONS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes				\$297,134	\$297,031	(\$103)
Licenses and permits						
Fines and forfeitures						
Use of money and property		\$11	\$11	748	386	(362)
Intergovernmental	\$44,625	38,613	(6,012)			
Charges for current services	1,601,209	1,598,308	(2,901)			
Miscellaneous	14,750	12,946	(1,804)		388	388
Total Revenues	<u>1,660,584</u>	<u>1,649,878</u>	<u>(10,706)</u>	<u>297,882</u>	<u>297,805</u>	<u>(77)</u>
EXPENDITURES						
Current						
Public safety						
Highways and streets						
Culture and recreation	2,153,051	2,042,361	110,690	361,144	336,227	24,917
Urban redevelopment						
Capital outlay:						
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>2,153,051</u>	<u>2,042,361</u>	<u>110,690</u>	<u>361,144</u>	<u>336,227</u>	<u>24,917</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(492,467)</u>	<u>(392,483)</u>	<u>99,984</u>	<u>(63,262)</u>	<u>(38,422)</u>	<u>24,840</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets						
Transfers in	521,727	392,483	(129,244)			
Transfers (out)						
Total Other Financing Sources (Uses)	<u>521,727</u>	<u>392,483</u>	<u>(129,244)</u>			
NET CHANGE IN FUND BALANCES	<u>\$29,260</u>		<u>(\$29,260)</u>	<u>(\$63,262)</u>	<u>(38,422)</u>	<u>\$24,840</u>
BEGINNING FUND BALANCES					991,426	
ENDING FUND BALANCES					<u>\$953,004</u>	

SPECIAL REVENUE FUNDS

CITY TREES			DEVELOPMENT SERVICES			SUPPLEMENTAL LAW ENFORCEMENT SERVICES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$709,443	\$786,146	\$76,703			
				2,210	2,210			
\$112	\$107	(\$5)	44	78	34			
						\$100,000	\$100,000	
7,500	97,536	90,036	1,040,674	1,286,529	245,855			
				1,480	1,480			
7,612	97,643	90,031	1,750,161	2,076,443	326,282	100,000	100,000	
						118,656	119,061	(\$405)
35,000	18,074	16,926	325,340	274,321	51,019			
			2,351,743	1,821,552	530,191			
35,000	18,074	16,926	2,677,083	2,095,873	581,210	118,656	119,061	(405)
(27,388)	79,569	106,957	(926,922)	(19,430)	907,492	(18,656)	(19,061)	(405)
			512,813	203,852	(308,961)	43,838	19,061	(24,777)
			(147,500)	(147,500)				
			365,313	56,352	(308,961)	43,838	19,061	(24,777)
(\$27,388)	79,569	\$106,957	(\$561,609)	36,922	\$598,531	\$25,182		(\$25,182)
	231,776			62,181				
	\$311,345			\$99,103				

(Continued)

CITY OF BELMONT
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS					
	PUBLIC SAFETY			STREET MAINTENANCE STATE GASOLINE TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes				\$724,456	\$800,882	\$76,426
Licenses and permits						
Fines and forfeitures	\$90,000	\$86,899	(\$3,101)			
Use of money and property	20	63	43	102		(102)
Intergovernmental						
Charges for current services				550,984	459,440	(91,544)
Miscellaneous	350	1,163	813	18,000	28,295	10,295
Total Revenues	90,370	88,125	(2,245)	1,293,542	1,288,617	(4,925)
EXPENDITURES						
Current						
Public safety	61,516	61,583	(67)			
Highways and streets				1,983,415	1,569,380	414,035
Culture and recreation						
Urban redevelopment						
Capital outlay:	34,984	34,984				
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	96,500	96,567	(67)	1,983,415	1,569,380	414,035
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,130)	(8,442)	(2,312)	(689,873)	(280,763)	409,110
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets						
Transfers in				540,373	280,763	(259,610)
Transfers (out)		(135,315)	(135,315)			
Total Other Financing Sources (Uses)		(135,315)	(135,315)	540,373	280,763	(259,610)
NET CHANGE IN FUND BALANCES	<u>(\$6,130)</u>	<u>(143,757)</u>	<u>(\$137,627)</u>	<u>(\$149,500)</u>		<u>\$149,500</u>
BEGINNING FUND BALANCES		148,693				
ENDING FUND BALANCES		<u>\$4,936</u>				

SPECIAL REVENUE FUNDS

STREET IMPROVEMENTS MEASURE A GRANTS			TRAFFIC MITIGATION			ATHLETIC FIELD MAINTENANCE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$603,597	\$661,151	\$57,554						
792	466	(326)	\$36	\$8	(\$28)	\$66	\$55	(\$11)
563,630	482,768	(80,862)				70,000	74,707	4,707
47,851	48,818	967						
1,215,870	1,193,203	(22,667)	36	8	(28)	70,066	74,762	4,696
						40,000	40,677	(677)
2,353,064	955,455	1,397,609	47,851	47,818	33	55,000	25,955	29,045
2,353,064	955,455	1,397,609	47,851	47,818	33	95,000	66,632	28,368
(1,137,194)	237,748	1,374,942	(47,815)	(47,810)	5	(24,934)	8,130	33,064
	170,000	170,000					30,000	30,000
(540,373)	(282,589)	257,784						
(540,373)	(112,589)	427,784					30,000	30,000
(\$1,677,567)	125,159	\$1,802,726	(\$47,815)	(47,810)	\$5	(\$24,934)	38,130	\$63,064
	1,415,194			47,810			117,702	
	\$1,540,353						\$155,832	

(Continued)

CITY OF BELMONT
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	CAPITAL PROJECT FUNDS					
	GENERAL FACILITIES			COMCAST		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses and permits						
Fines and forfeitures						
Use of money and property	\$246	\$320	\$74			
Intergovernmental	53,850	53,750	(100)	\$272	\$146	(\$126)
Charges for current services						
Miscellaneous						
Total Revenues	<u>54,096</u>	<u>54,070</u>	<u>(26)</u>	<u>272</u>	<u>146</u>	<u>(126)</u>
EXPENDITURES						
Current						
Public safety						
Highways and streets						
Culture and recreation						
Urban redevelopment						
Capital outlay:	137,869	116,717	21,152	15,000	15,330	(330)
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>137,869</u>	<u>116,717</u>	<u>21,152</u>	<u>15,000</u>	<u>15,330</u>	<u>(330)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(83,773)</u>	<u>(62,647)</u>	<u>21,126</u>	<u>(14,728)</u>	<u>(15,184)</u>	<u>(456)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets						
Transfers in	225,500	225,500				
Transfers (out)						
Total Other Financing Sources (Uses)	<u>225,500</u>	<u>225,500</u>				
NET CHANGE IN FUND BALANCES	<u>\$141,727</u>	<u>162,853</u>	<u>\$21,126</u>	<u>(\$14,728)</u>	<u>(15,184)</u>	<u>(\$456)</u>
BEGINNING FUND BALANCES		<u>706,293</u>			<u>366,210</u>	
ENDING FUND BALANCES		<u>\$869,146</u>			<u>\$351,026</u>	

CAPITAL PROJECT FUNDS

PLANNED PARK			SPECIAL ASSESSMENT DISTRICT			OPEN SPACE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$326	\$135	(\$191)	\$110	\$4,278	\$4,168		\$83	\$83
	9,341	9,341						
326	9,476	9,150	110	4,278	4,168		83	83
315,159	57,771	257,388				\$68,000	151,364	(83,364)
						13,750	4,126	9,624
315,159	57,771	257,388				81,750	155,490	(73,740)
(314,833)	(48,295)	266,538	110	4,278	4,168	(81,750)	(155,407)	(73,657)
						1,937,135	2,050,000	\$112,865
						1,937,135	2,050,000	112,865
<u>(\$314,833)</u>	<u>(48,295)</u>	<u>\$266,538</u>	<u>\$110</u>	<u>4,278</u>	<u>\$4,168</u>	<u>\$1,855,385</u>	<u>1,894,593</u>	<u>\$39,208</u>
	362,746			291,575			(1,550,397)	
	<u>\$314,451</u>			<u>\$295,853</u>			<u>\$344,196</u>	

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. For the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments, which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

Workers' Compensation – To account for the City's and District's workers' compensation insurance program.

Liability Insurance – To account for coverage on the City's and District's general and automobile liability up to a retention of \$250,000 per claim.

Self-Funded Vision – To account for the City's vision reimbursement plan for its employees.

Benefit Stabilization – To account for certain accrued employee benefits.

Fleet and Equipment Management – To account for the interdepartmental services provided by the Fleet Management division and Information Services division.

Facilities Management – To account for the interdepartmental services provided by the Facilities Management Division.

BFPD Benefit Stabilization – To account for certain accrued employee benefits for the Belmont Fire Protection District.

CITY OF BELMONT
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2014

	<u>Workers' Compensation</u>	<u>Liability Insurance</u>	<u>Self-Funded Vision</u>	<u>Benefit Stabilization</u>	<u>Fleet and Equipment Management</u>
ASSETS					
Cash and Investments	\$383,269	\$382,511	\$19,664	\$196,373	\$1,601,030
Accounts receivable					3,499
Prepays and other assets					12,051
Depreciable capital assets, net					639,235
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>383,269</u>	<u>382,511</u>	<u>19,664</u>	<u>196,373</u>	<u>2,255,815</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES					
Accounts payable		7,138	19,664	196,373	56,973
Claims payable					
Current portion	60,000	272,894			
Due in more than one year	239,182				
Compensated absences					
Due in more than one year					81,679
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>299,182</u>	<u>280,032</u>	<u>19,664</u>	<u>196,373</u>	<u>138,652</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET POSITION					
Net investment in capital assets					639,235
Unrestricted	84,087	102,479			1,477,928
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Position	<u>\$84,087</u>	<u>\$102,479</u>	<u></u>	<u></u>	<u>\$2,117,163</u>

<u>Facilities Management</u>	<u>BFPD Benefit Stabilization</u>	<u>Total</u>
\$48,083	\$97,528	\$2,728,458
4,272		7,771
		12,051
		639,235
<u>52,355</u>	<u>97,528</u>	<u>3,387,515</u>
20,336	93,277	393,761
		332,894
		239,182
<u>32,019</u>		<u>113,698</u>
<u>52,355</u>	<u>93,277</u>	<u>1,079,535</u>
		639,235
	4,251	1,668,745
	<u>\$4,251</u>	<u>\$2,307,980</u>

CITY OF BELMONT
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Workers' Compensation	Liability Insurance	Self-Funded Vision	Benefit Stabilization	Fleet and Equipment Management
OPERATING REVENUES					
Interdepartmental charges for services	\$791,824	\$302,501	\$29,090	\$852,411	\$1,627,641
Total Operating Revenues	791,824	302,501	29,090	852,411	1,627,641
OPERATING EXPENSES					
Insurance premiums	715,571	241,537			
Professional and legal	4,188	190,990	2,717	42,088	421,685
Operating costs					1,328,679
Other post employment benefits				867,290	
Insurance claims, net of change in claims payable	21,176	230,153	29,089		
Depreciation					301,696
Total Operating Expenses	740,935	662,680	31,806	909,378	2,052,060
Operating Income (Loss)	50,889	(360,179)	(2,716)	(56,967)	(424,419)
NONOPERATING REVENUES (EXPENSES)					
Gain on sale of capital assets					9,275
Use of money and property	40	162	5	11	4,644
Miscellaneous	113	44			3,215
Total Nonoperating Revenues (Expenses)	153	206	5	11	17,134
Income (Loss) Before Transfers	51,042	(359,973)	(2,711)	(56,956)	(407,285)
Transfers in			2,711		147,500
Change in Net Position	51,042	(359,973)		(56,956)	(259,785)
BEGINNING NET POSITION	33,045	462,452		56,956	2,376,948
ENDING NET POSITION	\$84,087	\$102,479			\$2,117,163

<u>Facilities Management</u>	<u>BFPD Benefit Stabilization</u>	<u>Total</u>
<u>\$783,023</u>	<u>\$209,322</u>	<u>\$4,595,812</u>
<u>783,023</u>	<u>209,322</u>	<u>4,595,812</u>
		957,108
155,621		817,289
1,243,370	1,089	2,573,138
	204,000	1,071,290
		280,418
		301,696
<u>1,398,991</u>	<u>205,089</u>	<u>6,000,939</u>
<u>(615,968)</u>	<u>4,233</u>	<u>(1,405,127)</u>
		9,275
441,678	6	446,546
		3,372
<u>441,678</u>	<u>6</u>	<u>459,193</u>
<u>(174,290)</u>	<u>4,239</u>	<u>(945,934)</u>
<u>174,290</u>		<u>324,501</u>
	4,239	(621,433)
	12	2,929,413
<u></u>	<u>\$4,251</u>	<u>\$2,307,980</u>

CITY OF BELMONT
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	Workers' Compensation	Liability Insurance	Self-Funded Vision	Benefit Stabilization	Fleet and Equipment Management
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from other funds	\$791,937	\$302,545	\$29,090	\$852,411	\$1,659,980
Payments to vendors	(719,759)	(439,832)	(2,717)	(42,088)	(765,818)
Payment to or on behalf of employees				(671,206)	(980,034)
Claims paid	(40,291)	(4,759)	(28,463)		
Cash Flows from Operating Activities	31,887	(142,046)	(2,090)	139,117	(85,872)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts			2,711		1,697,897
Cash Flows from Noncapital Financing Activities			2,711		1,697,897
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets					(484,360)
Proceeds from sale of capital assets					9,275
Cash Flows from Capital and Related Financing Activities					(475,085)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	40	162	5	11	4,644
Cash Flows from Investing Activities	40	162	5	11	4,644
Net Cash Flows	31,927	(141,884)	626	139,128	1,141,584
Cash and investments at beginning of period	351,342	524,395	19,038	57,245	459,446
Cash and investments at end of period	383,269	382,511	19,664	196,373	1,601,030
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	\$50,889	(\$360,179)	(\$2,716)	(\$56,967)	(\$424,419)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation					301,696
Miscellaneous revenues	113	44			3,215
Change in assets and liabilities:					
Accounts receivables					29,124
Prepays and other net assets					(2,510)
Accounts payable		(7,305)	626	196,084	(26,758)
Claims payable	(19,115)	225,394			
Compensated absences					33,780
Cash Flows from Operating Activities	\$31,887	(\$142,046)	(\$2,090)	\$139,117	(\$85,872)

Facilities Management	BFPD Benefit Stabilization	Total
\$783,073	\$301,510	\$4,720,546
(787,425)		(2,757,639)
(625,759)	(204,000)	(2,480,999)
		(73,513)
(630,111)	97,510	(591,605)
174,290		1,874,898
174,290		1,874,898
		(484,360)
		9,275
		(475,085)
441,678	6	446,546
441,678	6	446,546
(14,143)	97,516	1,254,754
62,226	12	1,473,704
\$48,083	\$97,528	\$2,728,458
(\$615,968)	\$4,233	301,696
		3,372
50		29,174
(24,743)	93,277	(2,510)
		231,181
		206,279
10,550		44,330
(\$630,111)	\$97,510	(\$591,605)

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AGENCY FUNDS

Agency Funds are presented separately from the Government-wide and Fund financial statements.

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations. These funds include the following:

Section 125 Benefits Plan – To account for employee tax-free contributions and reinvestments for certain employee benefits established by the City under Section 125 of the Internal Revenue Code.

Library Community Facilities District – To account for payment of interest and principal on debt service of the District for the construction, maintenance and operations of the Library.

Net Six Joint Power Authority – To account for the activities of the Net Six Joint Powers Authority, which maintains a consolidated fire and emergency dispatch system for its members in San Mateo County.

CITY OF BELMONT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<u>Section 125 Benefit Plan</u>				
Assets:				
Cash and Investments	\$22,481	\$18,530	\$22,481	\$18,530
Total Assets	<u>\$22,481</u>	<u>\$18,530</u>	<u>\$22,481</u>	<u>\$18,530</u>
Liabilities:				
Section 125 employee benefits payable	\$22,481	\$18,530	\$22,481	\$18,530
Total Liabilities	<u>\$22,481</u>	<u>\$18,530</u>	<u>\$22,481</u>	<u>\$18,530</u>
<u>Library Community Facilities District</u>				
Assets:				
Cash and investments	\$321,898	\$661,177	\$682,940	\$300,135
Total Assets	<u>\$321,898</u>	<u>\$661,177</u>	<u>\$682,940</u>	<u>\$300,135</u>
Liabilities:				
Due to bondholders	\$321,898	\$661,177	\$682,940	\$300,135
Total Liabilities	<u>\$321,898</u>	<u>\$661,177</u>	<u>\$682,940</u>	<u>\$300,135</u>
<u>Net Six</u>				
Assets:				
Cash and Investments	\$398,749	\$166,005	\$177,695	\$387,059
Total Assets	<u>\$398,749</u>	<u>\$166,005</u>	<u>\$177,695</u>	<u>\$387,059</u>
Liabilities:				
Accounts payable	\$19,467	\$39,415	\$19,468	\$39,414
Due to other governments	379,282	126,590	158,227	347,645
Total Liabilities	<u>\$398,749</u>	<u>\$166,005</u>	<u>\$177,695</u>	<u>\$387,059</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$743,128	\$845,712	\$883,116	\$705,724
Total Assets	<u>\$743,128</u>	<u>\$845,712</u>	<u>\$883,116</u>	<u>\$705,724</u>
Liabilities:				
Accounts payable	\$19,467	\$39,415	\$19,468	\$39,414
Section 125 employee benefits payable	22,481	18,530	22,481	18,530
Due to other governments	379,282	126,590	158,227	347,645
Due to bondholders	321,898	661,177	682,940	300,135
Total Liabilities	<u>\$743,128</u>	<u>\$845,712</u>	<u>\$883,116</u>	<u>\$705,724</u>

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Members of the City Council
City of Belmont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the City of Belmont, California, as of and for the year ended June 30, 2014, and have issued our report thereon dated September 22, 2014. Our report included emphasis of matters regarding the California Department of Finance demand that the Successor Agency of the former Redevelopment Agency recovers from the City and remit to the Auditor-Controller of the County of San Mateo the amount of \$1,333,533; and the State Controller's Office asset transfer review.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated September 22, 2014, which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

More & Associates

Pleasant Hill, California
September 22, 2014

Statistical Section



**SUPPLEMENTAL FINANCIAL INFORMATION
REGARDING SUCCESSOR AGENCY ASSESSED VALUATIONS
(UNAUDITED)**

Assessed Valuations

The base year valuation for the Project Area was established in the fiscal year ending June 30, 1982. The following table shows historical incremental assessed valuation (including all categories of assessed value) within the Project Area as of the March 1 lien date for the fiscal years 1982-83 through 2013-2014. It should be noted that due to adjustments after the lien date, assessed value may increase or decrease during the year. Factors causing these adjustments include, but are not limited to, supplemental assessments and appeals to assessed value. These adjustments to assessed values, in turn, cause tax increment revenues to increase or decrease.

CITY OF BELMONT SUCCESSOR AGENCY (FORMERLY BELMONT REDEVELOPMENT AGENCY) LOS COSTANOS COMMUNITY DEVELOPMENT PROJECT AREA HISTORICAL INCREMENTAL ASSESSED VALUATION

Fiscal Year Ending June 30	Total Assessed Valuation (1)	Incremental Assessed Valuation (1)	Change in Incremental Assessed Valuation From Previous Year
1983	\$157,135,342	\$21,536,072	not available
1984	171,237,981	35,638,711	65.48%
1985	184,060,881	62,564,250	75.55%
1986	201,153,514	65,554,244	4.78%
1987	234,842,064	99,242,794	51.39%
1988	246,823,012	111,223,742	12.07%
1989	254,810,733	119,211,463	7.18%
1990	275,154,532	139,555,262	17.07%
1991	313,264,539	177,665,269	27.31%
1992	349,801,313	214,202,043	20.56%
1993	376,194,509	240,595,239	12.32%
1994	389,900,944	254,301,674	5.70%
1995	397,847,297	262,248,027	3.12%
1996	420,827,405	285,228,135	8.76%
1997	441,467,705	305,868,435	7.24%
1998	483,248,340	347,649,070	13.66%
1999	508,606,319	373,007,049	7.29%
2000	551,190,752	415,591,482	11.42%
2001	628,703,301	493,104,031	18.65%
2002	703,196,659	567,597,389	15.11%
2003	736,172,756	600,573,486	5.81%
2004	763,224,908	627,625,638	4.50%
2005	793,262,313	657,663,043	4.79%
2006	828,369,282	692,770,012	5.34%
2007	882,997,061	747,397,791	7.89%
2008	925,665,178	790,065,908	5.71%
2009	1,001,611,395	866,012,125	9.61%
2010	1,021,824,923	886,225,653	2.33%
2011	979,692,227	844,092,957	-4.75%
2012	1,006,362,049	870,762,779	3.16%
2013	1,064,558,175	928,958,905	6.68%
2014	1,076,475,744	940,876,474	1.28%

Source: County of San Mateo

(1) Total assessed valuation in excess of the Agency's 1981-82 base year assessed valuation of \$135,599,270.

Historical Housing Set-Aside Amounts

The following table shows the historical allocation of tax increment revenues by the County of San Mateo derived from the project area.

CITY OF BELMONT SUCCESSOR AGENCY (FORMERLY BELMONT REDEVELOPMENT AGENCY) LOS COSTANOS COMMUNITY DEVELOPMENT PROJECT AREA HISTORICAL RECEIPT OF TAX INCREMENT AND TRUST FUND REVENUES

Fiscal Year Ending June 30	Secured Tax Increments (2)	Unsecured Tax Increment (2)	Unitary Revenue (3)	Supplemental Allocations (2)	Total Tax Increment (4)	Real Property Tax Trust Fund Allocations (6)	Total Tax	Housing Set Aside Amounts (5)	Change From Prior Year
1984					\$285,494		\$285,494	\$57,099	
1985					363,836		363,836	72,989	27.44%
1986	\$429,246	\$84,594		\$16,681	530,521		530,521	103,097	45.81%
1987	725,932	82,321		58,699	866,952		866,952	168,560	63.42%
1988	787,579	69,137		103,030	959,746		959,746	191,949	10.70%
1989	924,058	73,737		87,124	1,084,919		1,084,919	216,983	13.04%
1990	1,035,629	85,045	\$25,534	57,535	1,203,743		1,203,743	240,749	10.95%
1991	1,260,743	1,225,929	54,683	120,184	2,661,539		2,661,539	311,708	121.11%
1992	1,629,619	81,020	57,216	145,226	1,913,081		1,913,081	382,616	(28.12%)
1993	1,758,187	93,810	58,779	59,494	1,970,270		1,970,270	394,055	2.99%
1994	1,890,260	72,133	51,221	49,533	2,063,147		2,063,147	412,629	4.71%
1995	1,933,676	17,827	54,213	18,928	2,024,644		2,024,644	404,929	(1.87%)
1996	2,019,812	222,873	54,170	29,872	2,326,727		2,326,727	465,346	14.92%
1997	2,227,773	131,833	39,541	105,133	2,504,280		2,504,280	500,856	7.63%
1998	2,520,936	195,020	50,432	106,587	2,872,975		2,872,975	569,942	14.72%
1999	2,832,402	123,236	64,836	49,610	3,070,084		3,070,084	614,016	6.86%
2000	3,076,826	118,983	57,337	183,315	3,436,461		3,436,461	687,292	11.93%
2001	3,640,433	172,658	61,111	103,483	3,977,685		3,977,685	795,537	15.75%
2002	4,212,040	253,052	67,477	455,911	4,988,481		4,988,481	997,696	25.41%
2003	4,415,999	220,998	72,375	300,175	5,009,547		5,009,547	1,001,909	0.42%
2004	4,511,245	177,074	77,251	165,496	4,931,066		4,931,066	986,213	(1.57%)
2005	4,773,499	178,051	64,387	179,086	5,195,023		5,195,023	1,039,005	5.35%
2006	4,985,628	176,562	60,337	247,801	5,470,328		5,470,328	1,094,066	5.30%
2007	5,297,243	163,847	151,994	334,221	5,947,305		5,947,305	1,189,461	8.72%
2008	5,812,332	189,141	69,495	281,093	6,352,061		6,352,061	1,270,412	6.81%
2009	6,343,282	289,016	69,868	273,397	6,975,563		6,975,563	1,395,113	9.82%
2010	6,631,570	205,106	78,094	72,979	6,987,749		6,987,749	1,397,550	0.17%
2011	6,274,474	184,886	68,347	61,692	6,589,398		6,589,398	1,317,880	(5.70%)
2012	3,205,128	372,746	39,885		3,617,760	\$1,821,662	5,439,422		(17.45%)
2013						2,430,695	2,430,695		(55.31%)
2014						2,589,571	2,589,571		6.54%

(1) Amounts shown are net of amounts waived by the Agency under County Fiscal Agreement.

(2) Breakdown of tax increment amount secured, unsecured and supplemental categories not available for fiscal years ended June 30, 1984 through 1985.

(3) Unitary revenue reported separately starting in the fiscal year ended June 30, 1990.

(4) Total tax increment includes housing set-aside amounts. Under the RDA Dissolution Legislation, the Housing Set Aside was not required in FY 2012 and forward

(5) This amount calculated as defined in the Fiscal Agreement.

(6) Tax Increment Revenues are no longer allocated to Redevelopment Agencies, effective January 31, 2012. Effective February 1, 2012, the Successor Agency has assumed all obligations of the Redevelopment Agency. Pursuant to law, the Successor Agency receives Real Property Tax Trust Funds Allocations to finance its activities including debt service on obligations of the former Redevelopment Agency.

Source: Belmont Successor Agency and County of San Mateo Controller's Office.

Debt Service Coverage

Housing Set-Aside Amounts in fiscal year 2013-2014 were \$0 pursuant to AB x1-26. See the table above entitled "Historical Receipt of Tax Incremental Revenues." Prior to July 1, 2011, tax increment revenues were used to fund debt service on the 1996 Housing Set-Aside Bonds. As a result of the dissolution of the Redevelopment Agency pursuant to state law, a Successor Agency assumed the debt and receives tax revenues used to pay debt service and fund other activities of the former Redevelopment Agency. Debt service repayments on these bonds are made by the Successor Agency from tax revenue.

Major Property Taxpayers

The ten largest assesses in the Project Area for fiscal 2012-2013 and the assessed valuation of their respective properties in the Project Area as reported by the County are provided in the following schedule. The total taxable value of these properties equals \$284,534,393 which represents approximately 27% percent of the Project Area's secured taxable valuation (including Unitary Assessed valuation).

**CITY OF BELMONT SUCCESSOR AGENCY
(FORMERLY BELMONT REDEVELOPMENT AGENCY)
LOS COSTANOS COMMUNITY DEVELOPMENT PROJECT AREA
TEN LARGEST SECURED PROPERTY TAX ASSESSES**

Assesse	Use	12-13 Taxable Value (2)	Percentage of Total Secured Taxable Value of Project Area (1)
1 HINES VAF II 600 CLIPPER L P	Office	\$53,333,240	4.22%
2 ORACLE CORPORATION	Office	47,634,413	4.47%
3 NIKON PRECISION INC	Office	44,889,123	5.01%
4 PRIME OLD COUNTY L P	Apartments	30,114,438	2.83%
5 ECI TWO BELMONT LLC	Office	24,969,554	2.35%
6 SRE CALIFORNIA-3 LLC	Auto/Sales Repair	20,950,977	1.28%
7 NAZARETH VISTA LLC	Nursing, Convalescent Home	16,926,739	1.97%
8 GRAND PRIX BELMONT LLC	Hotel	16,397,743	1.59%
9 BELMAR LESSEE	Hotel	15,678,098	1.54%
10 SAFEWAY INC	Supermarket	13,640,068	1.47%
Total		<u>\$284,534,393</u>	<u>26.73%</u>
secured taxable value		<u>\$1,064,558,175</u>	

(1) The secured taxable value of the Project Area for fiscal year 2012-2013 is \$1,064,558,175.

(2) The Taxable Values for 2013-2014 are unavailable from the County at time of publishing.

Source: City of Belmont and County of San Mateo Assessor's Office.

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed Value of Taxable Property
2. Direct and Overlapping Property Tax Rates
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Bonded Debt Pledged Revenue Coverage:
 - a. 2001 and 2006 Sewer Revenue Bonds
 - b. 2009 Sewer Revenue Bonds
 - c. Former Redevelopment Agency Bonds
5. Continuing Disclosure Requirements:
 - a. Sewer System Summary Statement of Historical Revenue and Expenditures
 - b. Ten Largest Users of the Sewer System
 - c. Number of Sewer Service Users
 - d. Sewer Service Revenues by Class of User
 - e. Schedule of Budgeted and Projected Sewer Treatment Facility Charges and Associated Debt Service
 - f. Community Facilities District No. 2000-1

STATISTICAL SECTION (Continued)
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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

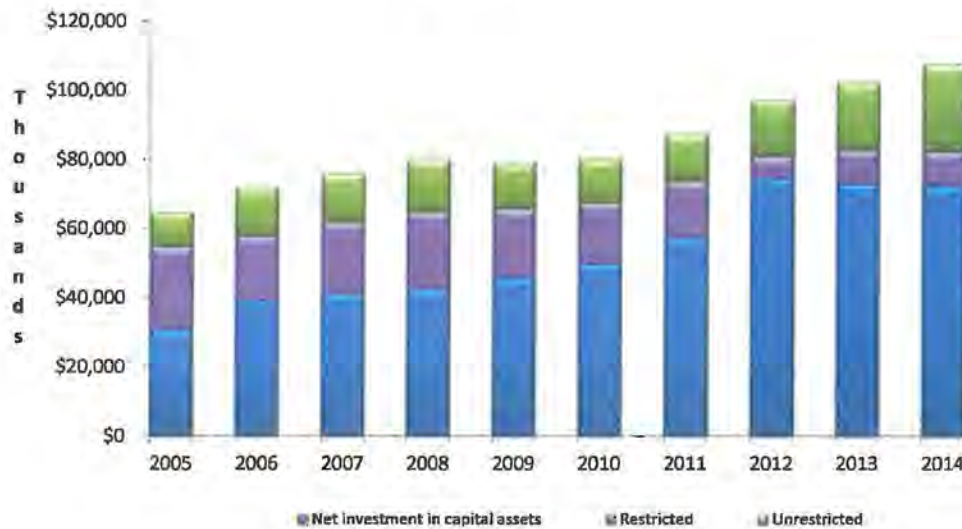
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

**CITY OF BELMONT
NET POSITION BY COMPONENT**

Last Ten Fiscal Years
(accrual basis of accounting)



	As of June 30,				
	2005	2006	2007	2008	2009
Governmental activities					
Net investment in capital assets	\$26,743,858	\$34,463,769	\$36,609,585	\$37,907,520	\$40,629,743
Restricted	23,995,337	18,786,081	20,578,294	21,900,387	19,967,386
Unrestricted	1,785,676	5,866,151	5,283,389	6,402,811	5,402,096
Total governmental activities	<u>\$52,524,871</u>	<u>\$59,116,001</u>	<u>\$62,471,268</u>	<u>\$66,210,718</u>	<u>\$65,999,225</u>
Business-type activities					
Net investment in capital assets	\$4,067,280	\$4,672,159	\$4,493,590	\$4,822,866	\$5,232,486
Unrestricted	8,135,595	8,129,224	8,887,596	8,791,485	7,897,583
Total business-type activities	<u>\$12,202,875</u>	<u>\$12,801,383</u>	<u>\$13,381,186</u>	<u>\$13,614,351</u>	<u>\$13,130,069</u>
Primary government					
Net investment in capital assets	\$30,811,138	\$39,135,928	\$41,103,175	\$42,730,386	\$45,862,229
Restricted	23,995,337	18,786,081	20,578,294	21,900,387	19,967,386
Unrestricted	9,921,271	13,995,375	14,170,985	15,194,296	13,299,679
Total primary government	<u>\$64,727,746</u>	<u>\$71,917,384</u>	<u>\$75,852,454</u>	<u>\$79,825,069</u>	<u>\$79,129,294</u>
	As of June 30,				
	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets	\$44,610,294	\$51,099,928	\$68,597,826	\$67,417,898	\$66,107,787
Restricted	17,775,049	16,586,360	6,464,610	6,722,358	6,664,041
Unrestricted	5,077,501	6,901,035	10,854,350	11,312,129	13,628,786
Total governmental activities	<u>\$67,462,844</u>	<u>\$74,587,323</u>	<u>\$85,916,786</u>	<u>\$85,452,385</u>	<u>\$86,400,614</u>
Business-type activities					
Net investment in capital assets	\$5,191,747	\$6,162,922	\$5,985,860	\$5,418,984	\$6,447,043
Restricted			\$3,061,696	\$3,108,105	3,108,838
Unrestricted	7,537,206	6,641,129	5,460,139	8,317,276	11,627,962
Total business-type activities	<u>\$12,728,953</u>	<u>\$12,804,051</u>	<u>\$14,507,695</u>	<u>\$16,844,365</u>	<u>\$21,183,843</u>
Primary government					
Net investment in capital assets	\$49,802,041	\$57,262,850	\$74,583,686	\$72,836,882	\$72,554,830
Restricted	17,775,049	16,586,360	8,989,839	9,830,463	9,772,879
Unrestricted	12,614,707	13,542,164	16,850,956	19,629,405	25,256,748
Total primary government	<u>\$80,191,797</u>	<u>\$87,391,374</u>	<u>\$100,424,481</u>	<u>\$102,296,750</u>	<u>\$107,584,457</u>

**CITY OF BELMONT
CHANGES IN NET POSITION**

**Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	As of June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
General government	\$4,096,640	\$1,268,785	\$4,529,887	\$4,954,841	\$5,677,578	\$5,666,445	\$4,662,965	\$5,112,255	\$5,353,940	\$5,592,651
Public safety	11,801,530	12,640,829	14,273,000	14,070,190	15,261,129	15,247,908	15,258,130	17,461,677	18,000,012	19,429,456
Highways and streets	3,789,052	2,641,601	2,046,747	2,236,345	2,525,131	2,400,233	2,325,028	2,899,431	3,242,496	3,412,713
Culture and recreation	2,929,945	2,894,354	3,328,963	3,715,717	4,012,240	4,275,870	5,149,269	4,200,332	4,275,013	4,530,410
Urban redevelopment	2,064,023	2,223,524	5,720,001	6,277,898	7,957,410	7,707,191	10,358,587	5,014,387	1,885,099	2,295,295
Pass throughs and other	3,147,837	2,956,052								
Non-departmental			37,255	46,888						
Interest on long term debt	1,378,812	1,341,327	1,301,277	1,317,035	1,241,608	1,162,420	1,110,538	1,131,762	68,175	37,019
Total Governmental Activities Expenses	29,207,839	25,966,472	31,237,130	32,618,914	36,675,096	36,460,067	38,864,517	35,819,844	32,824,735	35,297,544
Business-Type Activities:										
Sewer	3,902,590	4,421,765	5,090,512	5,210,185	5,928,199	5,723,184	6,141,073	6,715,514	6,396,330	6,657,220
Storm drainage	1,095,985	1,209,652	1,092,906	1,145,322	1,279,059	1,245,911	1,171,429	1,338,902	1,214,535	1,236,911
Solid waste			326,776	385,663	433,811	590,927	308,251	469,298	1,482,005	459,967
Total Business-Type Activities Expenses	4,998,575	5,631,417	6,510,194	6,741,170	7,641,069	7,560,022	7,620,753	8,523,714	9,092,870	8,354,098
Total Primary Government Expenses	\$34,206,414	\$31,597,889	\$37,747,324	\$39,360,084	\$44,316,165	\$44,020,089	\$46,485,270	\$44,343,558	\$41,917,605	\$43,651,642
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$2,553,374	\$2,731,358	\$3,204,003	\$3,773,489	\$4,201,215	\$4,263,241	\$3,983,732	\$4,538,452	\$4,463,544	\$4,601,332
Public Safety	73,236	143,354	233,635	155,870	122,956	136,465	336,174	988,002	1,152,475	1,177,218
Highways and streets	312,720	185,895	291,250	467,733	386,769	876,185	878,107	437,020	382,904	459,815
Culture and recreation	1,367,880	1,481,296	1,609,326	1,767,990	1,759,776	1,820,050	1,977,149	1,967,792	2,087,336	2,130,365
Urban redevelopment	1,636,040	1,826,902	1,831,487	1,686,285	1,517,498	1,862,964	2,126,626	2,434,761	2,560,400	3,069,625
Pass throughs and other	849,661	711,528								
Operating Grants and Contributions	1,647,647	1,605,329	1,803,961	2,246,203	1,421,649	1,509,175	4,668,438	2,422,365	1,636,424	1,817,345
Capital Grants and Contributions	1,397,756	848,868	429,972	89,769	634,616	2,024,456	5,522,520	1,853,706	874,168	519,254
Total Government Activities	9,838,314	9,534,530	9,403,634	10,187,339	10,044,479	12,492,536	19,492,746	14,642,098	13,157,251	13,774,954
Business-Type Activities:										
Charges for Services:										
Sewer	4,321,210	4,935,969	5,596,542	5,739,551	6,096,887	6,272,616	6,600,870	9,422,274	10,086,878	11,290,621
Storm drainage	403,106	407,138	501,067	495,071	469,194	481,738	597,464	611,941	549,863	520,119
Solid Waste		634,219	373,815	345,496	373,815	373,815	476,073	710,295	781,612	867,710
Operating Grants and Contributions							10,750			
Capital Grants and Contributions				16,949	15,332	11,734				
Total Business-Type Activities	4,724,316	5,977,326	6,471,424	6,597,067	6,955,228	7,139,903	7,685,157	10,744,510	11,418,353	12,678,450
Program Revenue	4,724,316	5,977,326	6,471,424	6,597,067	6,955,228	7,139,903	7,685,157	10,744,510	11,418,353	12,678,450
Total Primary Government	\$14,562,630	\$15,511,856	\$15,875,058	\$16,784,406	\$16,999,707	\$19,632,439	\$27,177,903	\$25,386,608	\$24,575,604	\$26,453,404
Net (Expense)/Revenue										
Governmental Activities	(\$19,369,525)	(\$16,431,942)	(\$21,833,496)	(\$22,431,575)	(\$26,630,617)	(\$23,967,531)	(\$19,371,771)	(\$19,371,771)	(\$19,667,484)	(\$21,522,590)
Business-Type Activities	(274,259)	345,909	(38,770)	(144,103)	(685,841)	(420,119)	64,404	64,404	2,325,483	4,324,352
Total Primary Government Net Expense	(\$19,643,784)	(\$16,086,033)	(\$21,872,266)	(\$22,575,678)	(\$27,316,458)	(\$24,387,650)	(\$19,307,367)	(\$19,307,367)	(\$17,342,001)	(\$17,198,238)

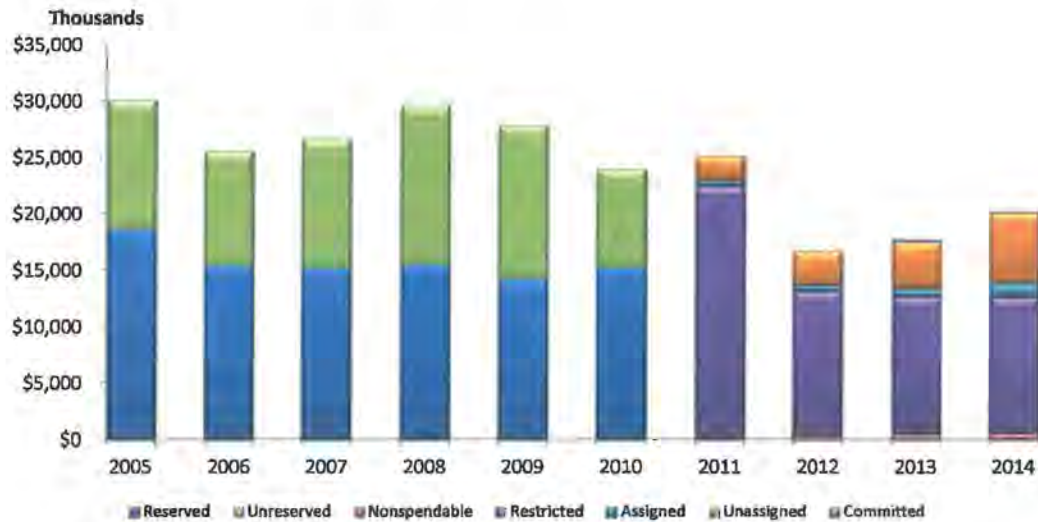
CITY OF BELMONT
CHANGES IN NET POSITION
 (continued)
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property taxes	\$7,307,464	\$7,677,608	\$8,643,311	\$8,941,253	\$9,387,465	9,456,013	\$9,620,923	\$10,439,407	\$10,918,478	\$11,864,792
Incremental property tax	6,839,996	7,071,632	7,726,963	8,231,934	9,027,090	9,010,978	8,601,933	4,681,674		
Sales taxes	2,688,514	2,796,354	3,191,162	3,136,339	2,988,491	2,281,523	2,596,652	2,672,956	2,792,298	2,831,248
Other taxes	1,916,133	2,260,882	2,219,057	2,456,236	1,183,901	2,068,073	2,481,620	2,738,707	3,017,599	3,260,000
Motor vehicle in lieu	1,539,818	2,254,703	1,874,436	1,918,321	1,994,403	2,033,410	2,050,697	1,973,958	1,941,735	2,168,184
Investment earnings	661,080	961,893	1,443,556	1,404,475	767,134	575,410	601,845	589,231	531,126	603,489
Miscellaneous/Gain on sale			90,278	82,467	45,595	5,986	542,580	105	1,847	1,743,106
Transfers	98,815									
Extraordinary items								9,338,566		
Total Government Activities	21,051,820	23,023,072	25,188,763	26,171,025	25,394,079	25,431,393	26,496,250	32,434,604	19,203,083	22,470,819
Business-Type Activities:										
Investment earnings	113,083	252,599	505,677	377,268	201,559	19,003	10,694	19,315	9,971	15,126
Transfers	(98,815)								1,216	
Total Business-Type Activities	14,268	252,599	505,677	377,268	201,559	19,003	10,694	19,315	11,187	15,126
Total Primary Government	\$21,066,088	\$23,275,671	\$25,694,440	\$26,548,293	\$25,595,638	\$25,450,396	\$26,506,944	\$32,453,919	\$19,214,270	\$22,485,945
Change in Net Position										
Governmental Activities	\$1,682,295	\$6,591,130	\$3,355,267	\$3,739,450	(\$1,236,538)	\$1,463,852	\$7,124,479	\$13,062,833	(\$464,401)	\$948,229
Business-Type Activities	(259,991)	598,508	466,907	233,165	(484,282)	(401,116)	75,098	83,719	2,336,670	4,339,478
Total Primary Government	\$1,422,304	\$7,189,638	\$3,822,174	\$3,972,615	(\$1,720,820)	\$1,062,746	\$7,199,577	\$13,146,552	\$1,872,269	\$5,287,707

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**CITY OF BELMONT
FUND BALANCES OF GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**



	Fiscal Year Ended June 30,				
	2005	2006	2007	2008	2009
General Fund					
Reserved	\$149,983	\$157,607	\$182,815	\$201,954	\$156,803
Unreserved	2,357,259	3,386,516	3,928,771	4,186,397	3,547,610
Total General Fund	<u>\$2,507,242</u>	<u>\$3,544,123</u>	<u>\$4,111,586</u>	<u>\$4,388,351</u>	<u>\$3,704,413</u>

All Other Governmental Funds					
Reserved	\$18,518,921	\$15,319,292	\$15,038,707	\$15,325,514	\$14,150,876
Unreserved, reported in:					
Special revenue funds	1,936,555	2,148,360	2,572,617	3,636,626	4,343,278
Debt Service funds		32	32		
Capital project funds	7,133,156	4,549,478	4,931,481	6,239,183	5,682,318
Total all other governmental funds	<u>\$27,588,632</u>	<u>\$22,017,162</u>	<u>\$22,542,837</u>	<u>\$25,201,323</u>	<u>\$24,176,472</u>

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
General Fund					
Reserved	\$167,189				
Unreserved	2,161,740				
Nonspendable		53,375	\$374,379	\$504,390	\$568,336
Restricted			132,495		
Assigned					1,377,103
Unassigned		3,764,669	4,577,830	5,696,079	6,258,460
Total General Fund	<u>\$2,328,929</u>	<u>\$3,818,044</u>	<u>\$5,084,704</u>	<u>\$6,200,469</u>	<u>\$8,203,899</u>

All Other Governmental Funds					
Reserved	\$15,118,528				
Unreserved, reported in:					
Special revenue funds	5,383,453				
Debt Service funds					
Capital project funds	1,136,979				
Restricted		22,470,226	\$12,670,731	\$12,218,243	\$12,090,398
Committed				\$258,684	\$104,039
Assigned		459,615	506,504	706,293	1,213,342
Unassigned		(1,552,557)	(1,509,215)	(1,550,397)	
Total all other governmental funds	<u>\$21,638,960</u>	<u>\$21,377,284</u>	<u>\$11,668,020</u>	<u>\$11,632,823</u>	<u>\$13,407,779</u>

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

(b) Effective fiscal 2010-11, the City implemented GASB 54 which changed fund balance reporting.

CITY OF BELMONT
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS

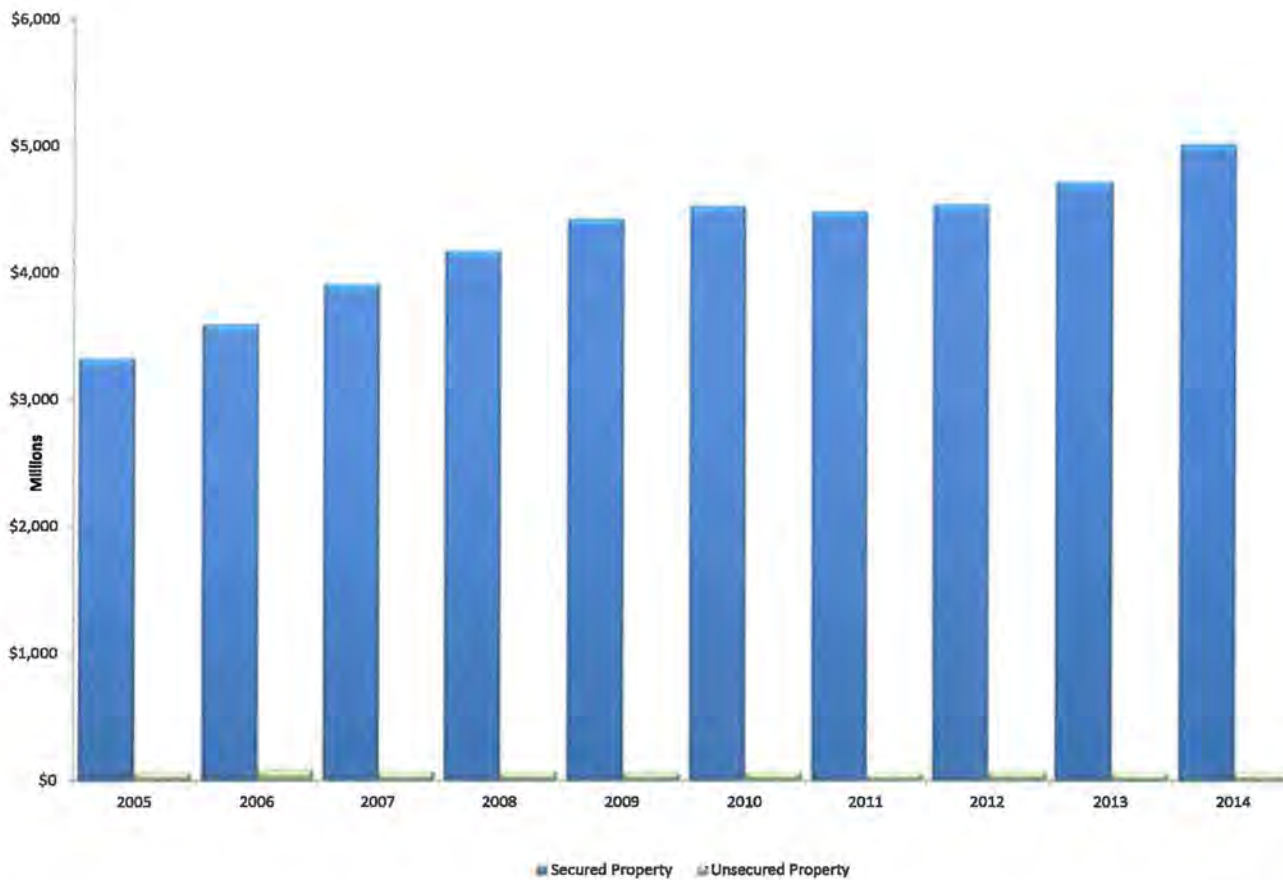
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2005	2006	2007	2008
Revenues				
Taxes	\$19,278,350	\$20,431,247	\$21,963,700	\$23,285,033
Licenses and permits	1,174,041	1,229,396	1,432,545	1,296,876
Fines and forfeitures	274,149	192,995	213,649	207,660
Use of money and property	755,123	998,381	1,409,605	1,281,420
Intergovernmental	4,028,518	4,405,907	4,390,388	4,444,376
Charges for current services	4,409,039	4,430,657	4,289,285	5,123,061
Miscellaneous	493,166	388,249	364,513	132,684
Total Revenues	30,412,386	32,076,832	34,063,685	35,771,110
Expenditures				
Current:				
General government	3,162,961	3,370,249	3,479,312	4,090,379
Public safety	11,562,652	12,783,687	14,457,394	13,745,815
Highways and streets	1,765,749	2,125,958	1,534,958	1,589,464
Culture and recreation	2,719,224	3,002,547	3,208,587	3,455,177
Urban redevelopment	1,964,839	2,088,600	5,742,209	6,201,146
Pass throughs and other	3,142,150	2,959,110		
Capital outlay	10,244,079	7,857,838	1,346,500	2,059,511
Debt service:				
Principal	813,909	841,608	824,318	864,026
Interest and fiscal charges	1,378,812	1,341,327	1,301,277	1,317,035
Total Expenditures	36,754,375	36,370,924	31,894,555	33,322,553
Excess (deficiency) of revenues over (under) expenditures	(6,341,989)	(4,294,092)	2,169,130	2,448,557
Other Financing Sources (Uses)				
Transfers in	3,162,563	4,421,738	2,180,531	3,030,121
Transfers (out)	(3,111,759)	(4,477,372)	(2,317,130)	(3,222,232)
Contributions/extraordinary item	9,946,221			
Proceeds from sale of capital assets				
Proceeds of debt issuance				
Total other financing sources (uses)	9,997,025	(55,634)	(136,599)	(192,111)
Net Change in fund balances	\$3,655,036	(\$4,349,726)	\$2,032,531	\$2,256,446
Debt service as a percentage of noncapital expenditures	7.9%	8.3%	7.0%	7.0%

Fiscal Year Ended June 30,					
2009	2010	2011	2012	2013	2014
\$24,015,223	\$23,551,448	\$24,078,694	\$21,103,658	\$17,464,202	\$18,781,620
1,296,955	1,333,536	1,409,968	1,599,765	1,443,249	1,665,790
218,511	189,187	397,841	411,116	513,511	298,584
702,711	483,653	434,131	439,248	394,871	420,581
4,198,134	5,580,333	11,811,178	6,426,997	4,569,617	4,594,173
5,465,178	6,233,038	6,773,004	6,621,335	6,780,019	7,466,219
143,292	149,981	151,098	685,537	788,182	835,735
36,040,004	37,521,176	45,055,914	37,287,656	31,953,651	34,062,702
4,218,287	4,338,325	3,738,652	3,910,215	4,001,340	3,967,090
14,739,794	15,016,366	14,973,374	16,284,197	17,261,172	18,527,071
1,821,815	1,742,021	1,676,044	1,818,655	2,053,990	1,843,701
3,697,783	4,038,979	4,885,875	3,864,383	3,949,834	4,162,256
7,767,199	7,512,659	10,245,438	4,402,467	1,817,983	1,949,465
3,808,785	6,569,057	9,591,505	3,722,422	1,245,112	1,425,306
900,000	955,000	1,005,000	1,192,547	213,581	97,907
1,241,608	1,162,420	1,110,538	1,131,762	68,175	37,019
38,195,271	41,334,827	47,226,426	36,326,648	30,611,187	32,009,815
(2,155,267)	(3,813,651)	(2,170,512)	961,008	1,342,464	2,052,887
1,574,020	1,795,891	4,771,786	1,873,574	1,512,645	1,458,800
(1,671,207)	(1,649,413)	(2,445,664)	(1,926,651)	(1,774,541)	(1,783,301)
		538,891	(9,025,535)		2,050,000
		532,938			
(97,187)	146,478	3,397,951	(9,078,612)	(261,896)	1,725,499
(\$2,252,454)	(\$3,667,173)	\$1,227,439	(\$8,117,604)	\$1,080,568	\$3,778,386
6.2%	6.0%	5.4%	7.0%	1.0%	0.4%

**CITY OF BELMONT
ASSESSED VALUE OF TAXABLE PROPERTY**

Last Ten Fiscal Years



Fiscal Year Ended June 30	Secured Property (a)		Unsecured Property		Total		Assessed to Estimated Actual Value	Increased From Prior Year	Total Direct Tax Rate (c)
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value (b)	Estimated Actual Value (b)			
2005	\$3,325,037,197	\$3,325,037,197	\$64,607,271	\$64,607,271	\$3,389,644,468	\$3,389,644,468	100%	6.73%	1%
2006	3,592,511,818	3,592,511,818	88,338,479	88,338,479	3,680,850,297	3,680,850,297	100%	8.59%	1%
2007	3,907,330,407	3,907,330,407	67,314,897	67,314,897	3,974,645,304	3,974,645,304	100%	7.98%	1%
2008	4,168,752,870	4,168,752,870	66,903,654	66,903,654	4,235,656,524	4,235,656,524	100%	6.57%	1%
2009	4,425,618,138	4,425,618,138	64,553,427	64,553,427	4,490,171,565	4,490,171,565	100%	12.97%	1%
2010	4,528,776,250	4,528,776,250	69,208,395	69,208,395	4,597,984,645	4,597,984,645	100%	15.68%	1%
2011	4,482,561,741	4,482,561,741	53,259,529	53,259,529	4,535,821,270	4,535,821,270	100%	1.02%	1%
2012	4,536,659,018	4,536,659,018	72,485,607	72,485,607	4,609,144,625	4,609,144,625	100%	0.24%	1%
2013	4,712,109,574	4,712,109,574	59,006,643	59,006,643	4,771,116,217	4,771,116,217	100%	5.19%	1%
2014	5,013,618,086	5,013,618,086	61,287,931	61,287,931	5,074,906,017	5,074,906,017	100%	6.37%	1%

SOURCES: SAN MATEO COUNTY CONTROLLER

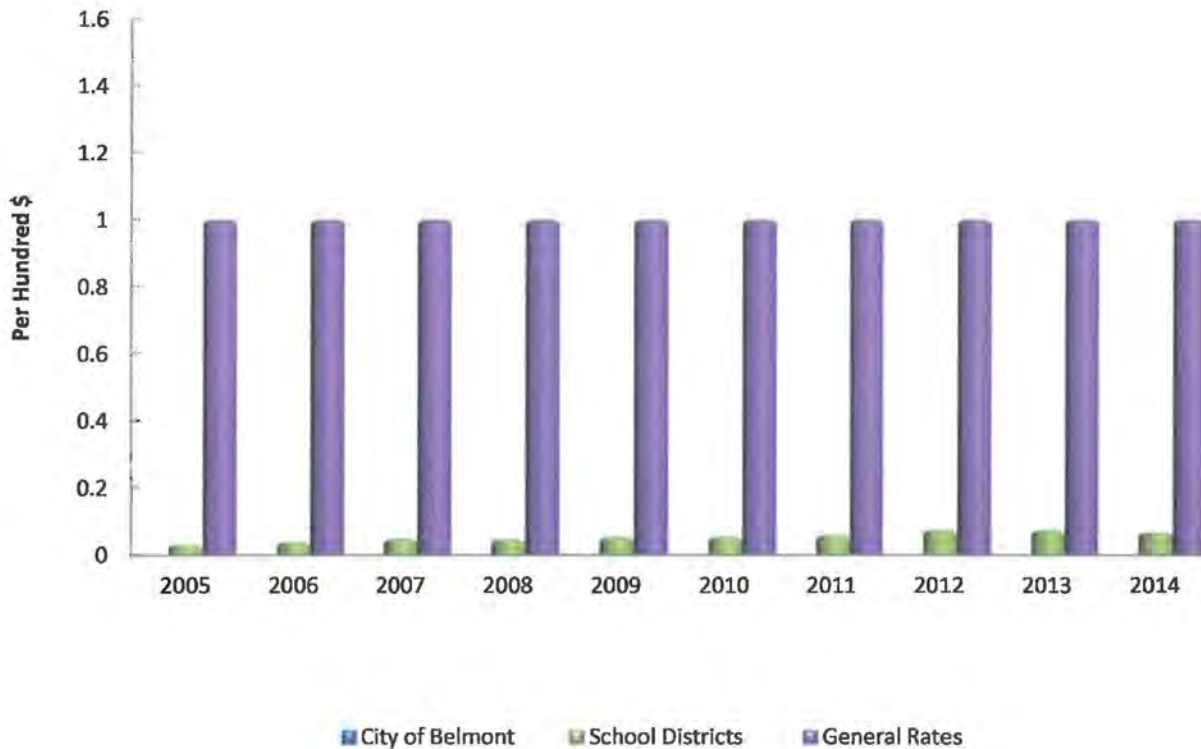
(a) Secured Property includes State Board Roll (Unitary tax)

(b) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(c) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Belmont encompasses more than 15 tax rate areas.

**CITY OF BELMONT
DIRECT AND OVERLAPPING PROPERTY TAX RATES**

Last Ten Fiscal Years



Fiscal Year	City of Belmont	School Districts	General Rates	Total
2005	N/A	0.0328	1.0000	1.0328
2006	N/A	0.0395	1.0000	1.0395
2007	N/A	0.0485	1.0000	1.0485
2008	N/A	0.0463	1.0000	1.0463
2009	N/A	0.0531	1.0000	1.0531
2010	N/A	0.0542	1.0000	1.0542
2011	N/A	0.0596	1.0000	1.0596
2012	N/A	0.0754	1.0000	1.0754
2013	N/A	0.0747	1.0000	1.0747
2014	N/A	0.0690	1.0000	1.0690

Source: San Mateo County Controller - Rates are per \$100 of assessed value.

**CITY OF BELMONT
PRINCIPAL PROPERTY TAXPAYERS**

Prior Year and Ten Years Ago

Taxpayer	2012-13 (1)			2004-05		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Hines VAF II 600 Clipper LP	\$53,333,240	1	1.06%			
Oracle Corporation	47,634,413	2	0.95%	\$40,133,371	2	1.18%
Nikon Precision Inc.	44,889,123	3	0.90%	39,288,953	3	1.16%
Prime Old County LP	30,114,438	4	0.60%			
Essex Carlmont Woods Apartment LP	27,058,951	5	0.54%			
SSL Landlord LLC	26,928,000	6	0.54%			
ECI Two Belmont LLC	24,969,554	7	0.50%			
SRE	20,950,977	8	0.42%			
Safeway Inc.	18,508,685	9	0.37%	17,333,582	7	0.51%
Nazareth Vista (formerly Paradigm Healthcare LP)	16,926,739	10	0.34%	14,345,446	8	0.42%
1001 E Hillsdale LLC				42,214,307	1	1.25%
Six Hundred Clipper Drive LLC				29,300,000	4	0.86%
Innkeepers Summerfield General				22,175,190	5	0.65%
Davis Associates				21,750,528	6	0.64%
Balmar Lessee				13,578,917	9	0.40%
Sunrise Belmont Assisted Living				13,572,400	10	0.40%
Subtotal	<u>\$311,314,120</u>		<u>6.21%</u>	<u>\$253,692,694</u>		<u>7.48%</u>

Total Net Assessed Valuation:

Fiscal Year 2012-13	\$5,013,524,006
Fiscal Year 2004-05	\$3,389,644,468

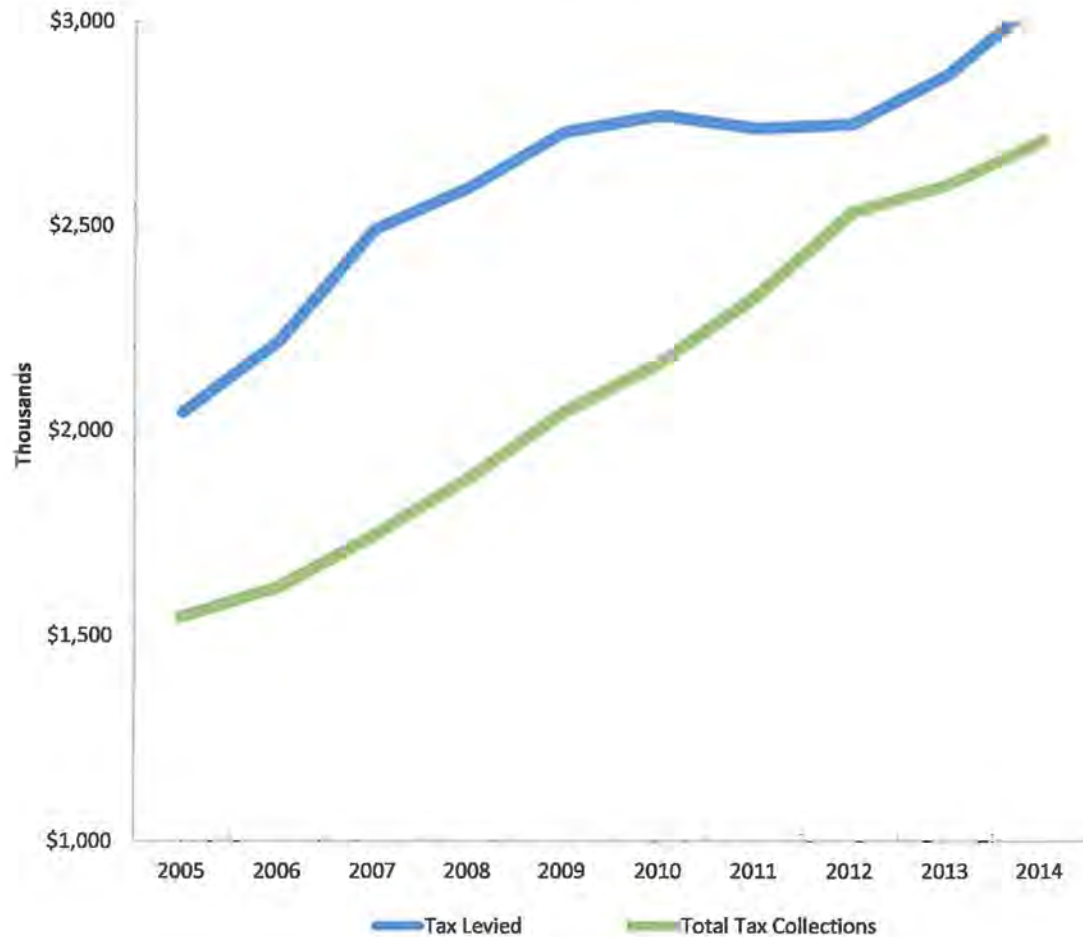
Source: County of San Mateo Assessor's Office Fiscal Year Combined Secured Tax Rolls.

Note:

(1) The Taxable Assessed Value for 2013-14 was not available from the County of San Mateo.

**CITY OF BELMONT
PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Fiscal Years



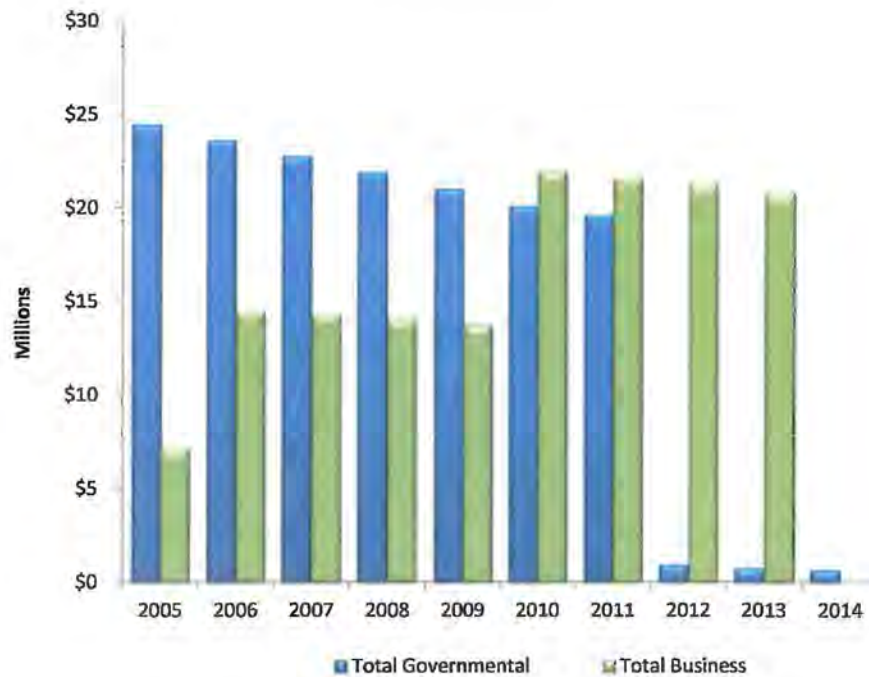
Fiscal Year	Total Tax Levy (1)	Current Tax Collections (2)	Percent of Levy Collected	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2005	\$2,044,578	\$2,044,578	100.00%	\$2,044,578	100.00%
2006	2,216,590	2,166,309	97.73%	2,166,309	97.73%
2007	2,490,855	2,327,329	93.43%	2,327,329	93.43%
2008	2,594,562	2,533,629	97.65%	2,533,629	97.65%
2009	2,729,756	2,600,906	95.28%	2,600,906	95.28%
2010	2,770,546	2,708,778	97.77%	2,708,778	97.77%
2011	2,739,073	2,709,417	98.92%	2,709,417	98.92%
2012	2,748,894	2,687,885	97.78%	2,687,885	97.78%
2013	2,870,820	2,798,324	97.47%	2,798,324	97.47%
2014	3,062,643	3,018,311	98.55%	3,018,311	98.55%

Source: (1) San Mateo County Controller.
(2) City of Belmont General Ledger

Note: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California.
(a) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

**CITY OF BELMONT
RATIO OF OUTSTANDING DEBT BY TYPE**

Last Ten Fiscal Years



Governmental Activities

Fiscal Year	Tax Allocation Bonds	Leases and Notes	Total
2005	\$24,270,000	\$184,833	\$24,454,833
2006	23,485,000	128,225	23,613,225
2007	22,665,000	123,907	22,788,907
2008	21,805,000	119,881	21,924,881
2009	20,905,000	119,881	21,024,881
2010	19,950,000	119,881	20,069,881
2011	18,945,000	652,819	19,597,819
2012		966,971	966,971
2013		753,390	753,390
2014		655,483	655,483

Business-Type Activities

Fiscal Year	Sewer Revenue Bonds	Total	Total Primary Government	Percentage of Assessed Valuation (a)	Per Capita (a)
2005	\$7,130,000	\$7,130,000	\$31,584,833	0.93%	\$1,240.08
2006	14,490,000	14,490,000	38,103,225	1.04%	1,502.26
2007	14,340,000	14,340,000	37,128,907	0.93%	1,433.71
2008	14,040,000	14,040,000	35,964,881	0.85%	1,379.13
2009	13,735,000	13,735,000	34,759,881	0.77%	1,324.19
2010	21,920,000	21,920,000	41,989,881	0.91%	1,584.11
2011	21,595,000	21,595,000	41,192,819	0.91%	1,582.45
2012	21,250,000	21,250,000	22,216,971	0.48%	850.48
2013	20,740,000	20,740,000	21,493,390	0.45%	816.74
2014	20,210,000	20,210,000	20,865,483	0.41%	785.63

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

Sources: City of Belmont

State of California, Department of Finance (population)

U.S. Department of commerce, Bureau of the Census (Income)

(a) (Demographic Statistics) for assessed value and population data.

**CITY OF BELMONT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

June 30, 2014

2012-13 Assessed Valuation	\$5,013,618,086
Redevelopment Incremental Valuation	<u>965,745,674</u>
Adjusted Assessed Valuation	<u><u>\$4,047,872,412</u></u>

	Total Debt June 30, 2014	% Applicable (1)	City's Share of Debt June 30, 2014
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			
City of Belmont	<u>655,483</u>	100.000%	<u>655,483</u>
Total Direct Debt	<u>655,483</u>		<u>655,483</u>
San Mateo Community College District	\$563,069,994	3.256%	\$18,333,559
Sequoia Union High School District	328,635,000	7.829%	25,728,834
Belmont-Redwood Shores School District	32,384,348	46.009%	14,899,715
Belmont-Redwood Shores School District Belmont School Facilities Improvement District	34,965,000	81.329%	28,436,685
Belmont-Redwood Shores School District Redwood Shores School Facilities Improvement District	<u>23,115,000</u>	6.303%	<u>1,456,938</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	<u>\$982,824,825</u>		<u>\$89,511,214</u>
OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
San Mateo County General Fund Obligations	\$473,769,816	3.256%	\$15,425,945
San Mateo County Board of Education Certificates of Participation	<u>10,950,000</u>	3.256%	<u>356,532</u>
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT	<u>\$484,719,816</u>		<u>\$15,782,477</u>
COMBINED TOTAL DEBT			<u>\$105,293,691 (2)</u>

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

RATIOS TO 2012-13 ASSESSED VALUATION:	
Direct Debt	1.79%
Combined Direct Debt (\$8,095,000)	2.10%
Total Net Direct and Overlapping Tax Assessment Debt	1.79%

RATIOS TO ADJUSTED ASSESSED VALUATION	
Combined Total Debt	2.60%

Source: California Municipal Statistics, Inc.

Note: The Taxable Assessed Value for 2013-14 was not available from the County of San Mateo

**CITY OF BELMONT
COMPUTATION OF LEGAL BONDED DEBT MARGIN**

June 30, 2014

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$5,013,618,086
---	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$188,010,678
---	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt

Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	
---	--

Amount of debt subject to limit

LEGAL BONDED DEBT MARGIN	\$188,010,678
--------------------------	---------------

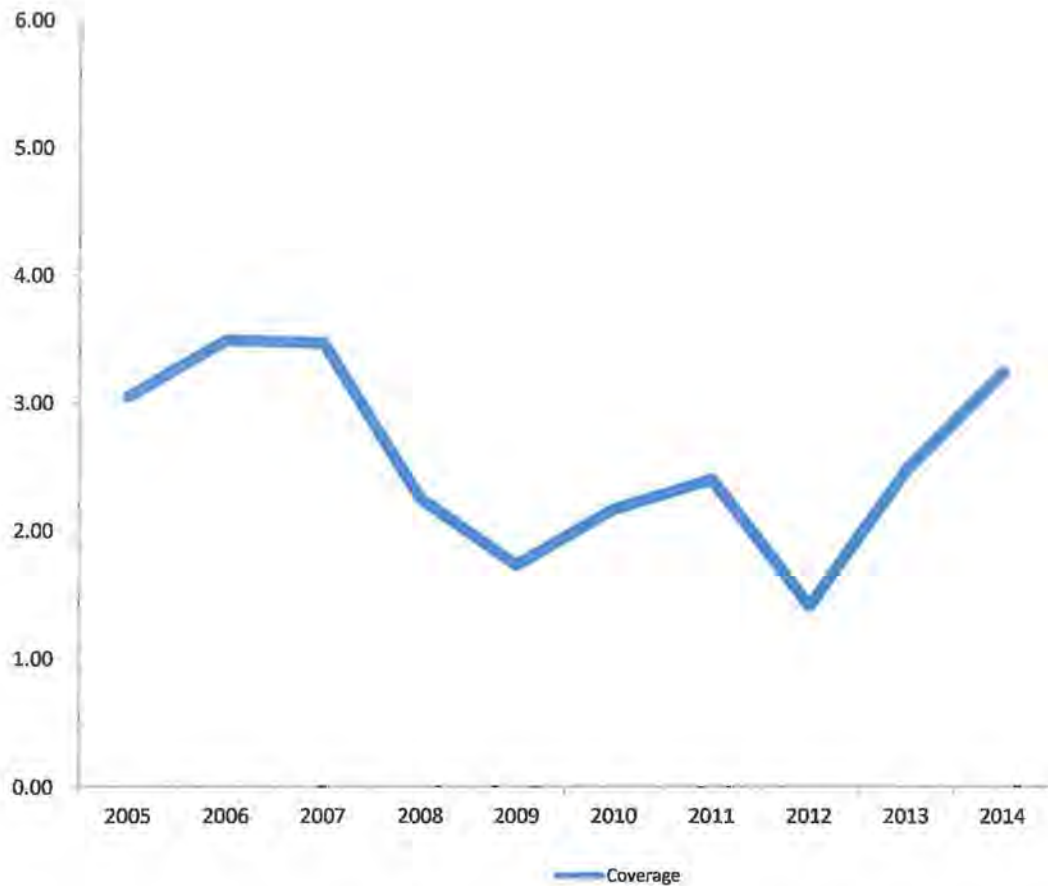
Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2004	\$122,576,676		\$122,576,676	
2005	134,711,118		134,711,118	
2006	139,501,151		139,501,151	
2007	150,528,754		150,528,754	
2008	160,309,797		160,309,797	
2009	169,829,109		169,829,109	
2010	153,960,708		153,960,708	
2011	171,557,050		171,557,050	
2012	174,296,071		174,296,071	
2013	180,356,146		180,356,146	
2014	188,010,678		188,010,678	

NOTE:

- (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value. Limits presented from prior years have been adjusted for this methodology.

**CITY OF BELMONT
REVENUE BOND COVERAGE
2001 AND 2006 SEWER REVENUE BONDS**

Last Ten Fiscal Years



Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2005	\$4,412,204	\$2,920,769	\$1,491,435	\$145,000	\$344,467	\$489,467	3.05
2006	5,143,811	3,473,611	1,670,200	140,000	338,232	478,232	3.49
2007	6,082,447	3,414,969	2,667,478	150,000	619,541	769,541	3.47
2008	6,413,549	4,302,573	2,110,976	300,000	637,064	937,064	2.25
2009	6,171,148	4,556,397	1,614,751	305,000	629,009	934,009	1.73
2010	6,364,629	4,377,200	1,987,429	315,000	601,354	916,354	2.17
2011	6,768,061	4,555,159	2,212,902	325,000	597,926	922,926	2.40
2012	6,316,841	5,011,347	1,305,494	345,000	583,870	928,870	1.41
2013	6,898,806	4,610,335	2,288,471	355,000	569,185	924,185	2.48
2014	7,867,359	4,876,816	2,990,543	370,000	553,972	923,972	3.24

Notes: Sewer Bonds issued in fiscal 2001 and 2006

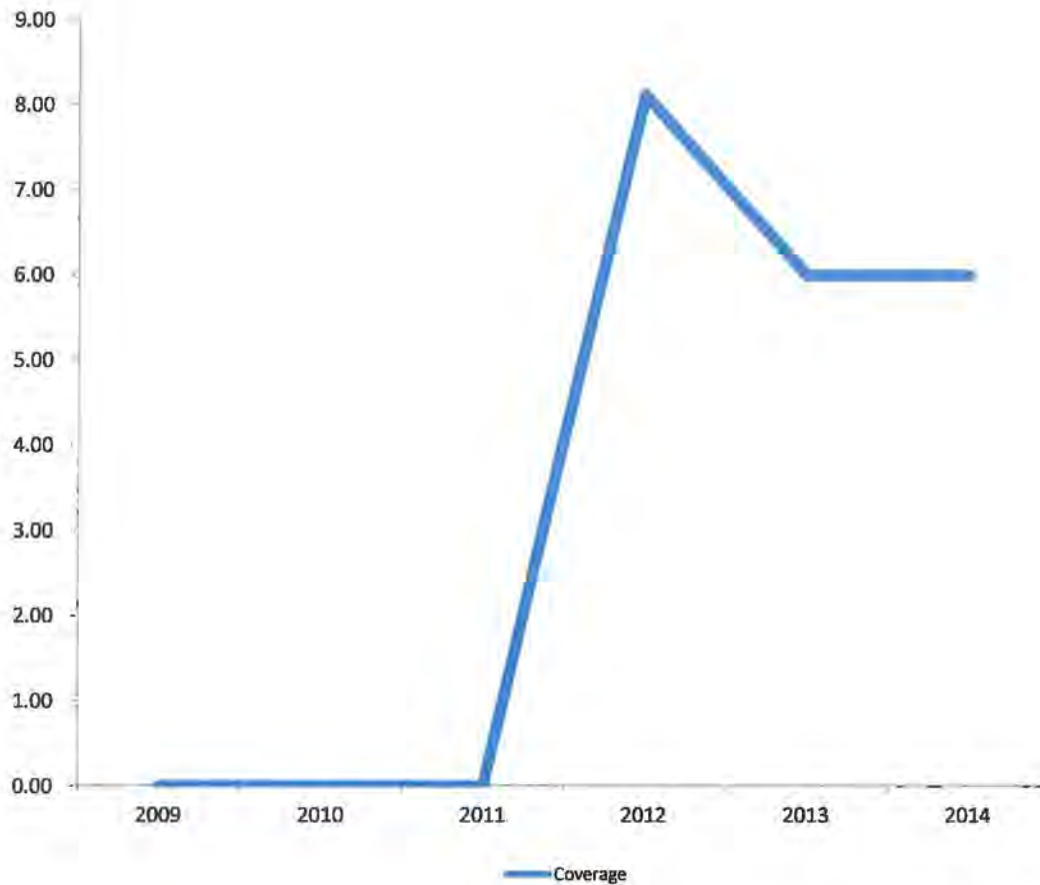
(1) Includes all Sewer Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue

(2) Includes all Sewer Operating Expenses less Depreciation and Interest

Source: City of Belmont Annual Financial Statements

**CITY OF BELMONT
REVENUE BOND COVERAGE
2009 SEWER REVENUE BONDS**

Last Six Fiscal Years

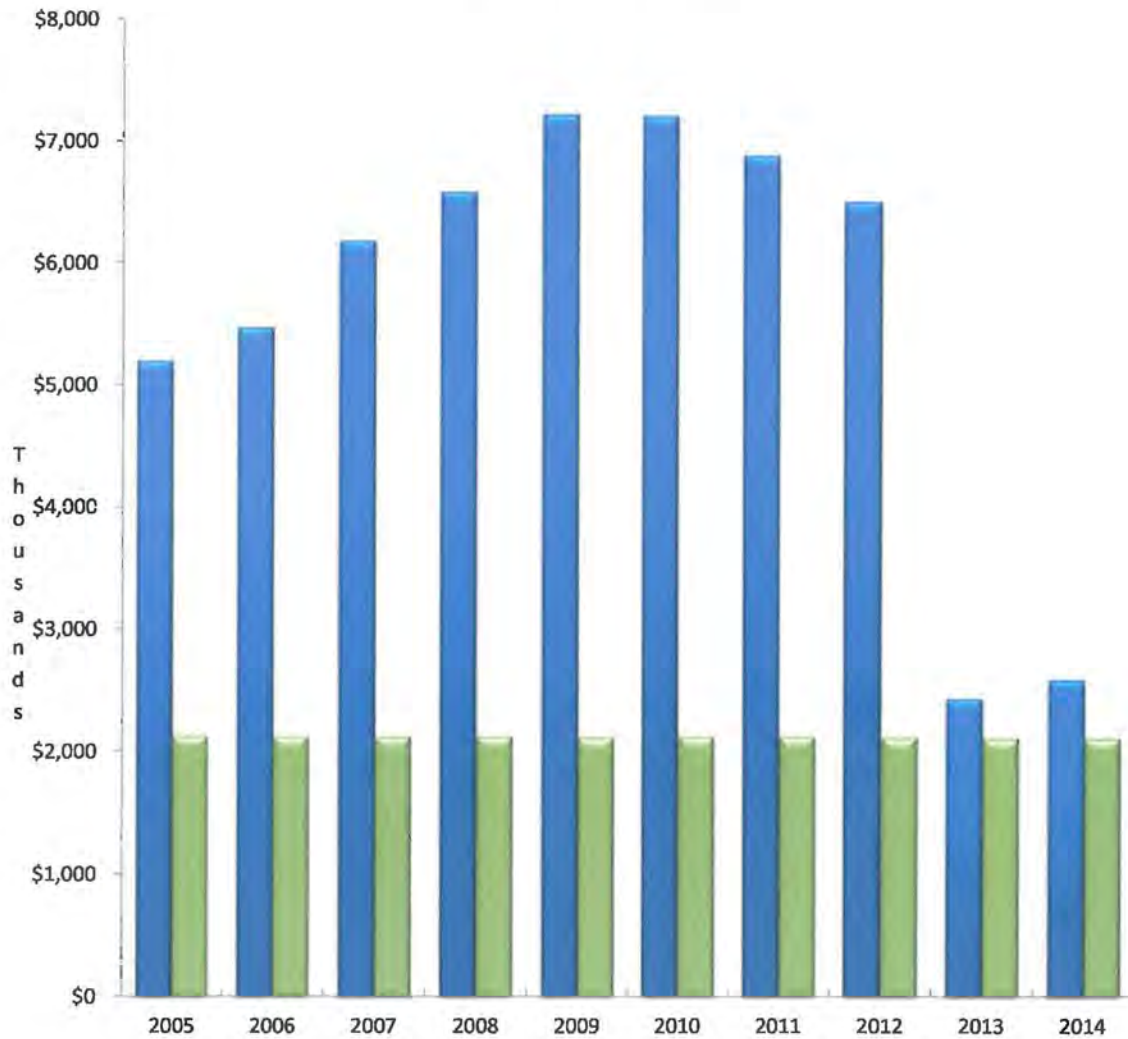


Fiscal Year	Sewer Treatment Facility Gross Revenue	Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009							Nil
2010							Nil
2011							Nil
2012	\$3,061,696	\$201,006	\$2,860,690		\$352,132	\$352,132	8.12
2013	3,108,898	78,964	3,029,934	\$155,000	349,807	504,807	6.00
2014	3,111,925	79,127	3,032,798	160,000	345,082	505,082	6.00

Notes: Debt service on the 2009 bonds is repayable from bond proceeds until fiscal 2011-12 and has been excluded
Source: City of Belmont Annual Financial Statements

**CITY OF BELMONT
BONDED DEBT PLEDGED REVENUE COVERAGE
FORMER REDEVELOPMENT AGENCY BONDS**

Last Ten Fiscal Years



Fiscal Year	Tax Revenue (a)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2005	\$5,195,023	\$750,000	\$1,373,629	\$2,123,629	2.45
2006	5,470,328	785,000	1,336,599	2,121,599	2.58
2007	6,181,571	820,000	1,297,408	2,117,408	2.92
2008	6,585,547	860,000	1,255,551	2,115,551	3.11
2009	7,221,672	900,000	1,210,704	2,110,704	3.42
2010	7,208,782	955,000	1,162,420	2,117,420	3.40
2011	6,881,547	1,005,000	1,110,538	2,115,538	3.25
2012	6,503,336	1,055,000	1,054,782	2,109,782	3.08
2013	2,430,695	1,110,000	994,608	2,104,608	1.15
2014	2,589,571	1,175,000	929,957	2,104,957	1.23

Notes:

(a) Tax Incremental Revenues are no longer allocated to Redevelopment Agencies, effective January 31, 2012. Effective February 1, 2012, the Successor Agency had assumed all obligations of the Redevelopment Agency. Pursuant to law, the Successor Agency receives Real Property Tax Trust Funds Allocations to finance its activities including debt service on obligations of the former Redevelopment Agency.

Source: City of Belmont Annual Financial Statements

**CITY OF BELMONT
SEWER SYSTEM
SUMMARY STATEMENT OF HISTORICAL
REVENUE AND EXPENDITURES
Last Ten Fiscal Years**

		Fiscal Year Ended June 30,				
	Notes	2005	2006	2007	2008	2009
REVENUES						
Charges for services		\$4,234,406	\$4,930,719	\$5,595,212	\$5,732,551	\$6,071,012
Connection charges	(1)	86,804	5,250	1,330		
Miscellaneous revenues (charges)				335		3,508
Interest revenue	(1)	90,994	207,842	485,570	361,664	193,335
Joint venture interest	(1)	(1,188)	(2,001)	(479,133)	312,334	(119,074)
Total Revenues		4,411,016	5,141,810	5,603,314	6,406,549	6,148,781
EXPENSES						
Personnel services		452,132	476,608	505,416	982,077	1,095,601
Supplies, materials and services		1,559,643	1,470,573	1,583,845	2,932,381	3,141,850
Sewer treatment services		1,142,613	973,588	1,325,708	388,115	318,946
Interest expense		350,701	344,467	629,467	631,814	635,511
Total Expenses		3,505,089	3,265,236	4,044,436	4,934,387	5,191,908
Total Operating Transfers	(2)	895,756	(842,573)	(843,372)	(1,520,660)	(1,776,533)
AMOUNTS AVAILABLE FOR DEBT SERVICE		\$1,801,683	\$1,034,001	\$715,506	(\$48,498)	(\$819,660)

		Fiscal Year Ended June 30,				
		2010	2011	2012	2013	2014
REVENUES						
Charges for services		\$6,270,866	\$6,430,195	\$6,153,537	\$6,851,049	\$8,054,697
Connection charges	(1)					
Miscellaneous revenues (charges)		(9,168)	682	(9,168)	871	500
Interest revenue	(1)	17,059	9,641	17,358	8,605	11,726
Joint venture interest	(1)	74,954	157,550	(59,163)	(88,572)	(326,150)
Total Revenues		6,353,711	6,598,068	6,102,564	6,771,953	7,740,773
EXPENSES						
Personnel services		1,050,884	1,119,718	1,208,295	1,105,207	1,137,123
Supplies, materials and services		3,025,430	3,138,386	3,424,741	3,347,179	3,535,644
Sewer treatment services		291,718	297,737	168,137	158,820	204,549
Interest expense		783,162	592,244	577,839	562,980	547,501
Total Expenses		5,151,194	5,148,085	5,379,012	5,174,186	5,424,817
Total Operating Transfers	(2)	(1,776,528)	1,178,759	(1,020,405)	(704,024)	(547,775)
AMOUNTS AVAILABLE FOR DEBT SERVICE		(\$574,011)	\$2,628,742	(\$296,853)	\$893,743	\$1,768,181

Notes:

(1) Not included in System Revenues under the Installment Purchase Agreement

(2) Includes transfers for storm drain improvements that mitigate infiltration and intrusion into the sewage system.

Source: City of Belmont

**CITY OF BELMONT
TEN LARGEST USERS OF THE SEWER SYSTEM**

<u>User</u>		<u>Type</u>	<u>Fiscal Year 2013/14 Revenues*</u>
Prime Old County LP	040-271-380	Multifamily Residential	\$136,770
Mc Lellan Estate Co	040-290-310	Multifamily Residential	102,463
Mc Lellan Estate Co	040-246-300	Multifamily Residential	80,011
Mc Lellan Estate Co	040-261-370	Multifamily Residential	71,555
Essex Carlmont Woods Apartments LP	045-431-010	Multifamily Residential	64,961
Carlmont Heights Llc	045-030-240	Multifamily Residential	52,734
Timberlane Apts Partnership LP	045-373-150	Multifamily Residential	52,172
Belmar Lessee	040-371-090	Commercial - Hotel	49,242
Essex Portfolio LP	045-373-160	Multifamily Residential	42,738
College of Notre Dame	044-360-070	College	42,124

* Includes Base and Flow Charges

Source: City of Belmont

Required per 2001 Sewer Revenue Bonds Continuing Disclosure.

NUMBER OF SEWER SERVICE USERS

<u>User Type</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
All Users	8,352 (1)	8,267 (1)	8,268 (1)	8,250 (3)	8,415
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
All Users	8,254 (2)	8,245 (2)	8,242	8,243	8,242

(1) Increase due to a change in billing procedures to include all parcels, developed or undeveloped

(2) Decline due to a change from a flat rate to a metered rate system.

(3) Decline due to adjustment of consolidated parcels.

**SEWER SERVICE REVENUES BY CLASS OF USER
June 30, 2014**

<u>User Class</u>	<u>Revenue</u>	<u>Percent</u>
Single Family & Multiple Family Residential	\$2,313,288	62.9%
Commercial/Institutional	1,364,586	37.1%
Total Revenue	<u>\$3,677,874</u>	<u>100.00%</u>

**CITY OF BELMONT
SCHEDULE OF BUDGETED & PROJECTED
SEWER TREATMENT FACILITY CHARGES
AND ASSOCIATED DEBT SERVICE**

Fiscal Year	Actual			
	2010-11	2011-12	2012-13	2013-14
Sewer Treatment Facility Charges Revenue ^(A)	n/a	\$3,061,696	\$3,108,105	\$3,108,838
Debt Service Series 2009A Bonds	(\$352,131)	(352,131)	(504,806)	(505,081)
Surplus, after debt service	n/a	2,709,565	2,603,299	2,603,757
Debt Service Coverage Ratio	n/a	869.476%	615.700%	615.513%

Fiscal Year	Projected			
	2014-15	2015-16	2016-17	2017-18
Sewer Treatment Facility Charges Revenue ^(A)	\$3,109,340	\$3,109,841	\$3,110,343	\$3,110,845
Debt Service Series 2009A Bonds	(505,206)	(500,256)	(500,231)	(500,056)
Surplus, after debt service	2,604,134	2,609,585	2,610,112	2,610,789
Debt Service Coverage Ratio	615.460%	621.650%	621.781%	622.100%

^(A) Not including amounts on deposit in the Rate Stabilization Fund.

If such amounts were added to revenues, debt service coverage would be higher than shown.

Collection of Charge began in 2011-12.

Required per 2009 Sewer Treatment Facility Revenue Bonds Continuing Disclosure.

**COMMUNITY FACILITIES DISTRICT NO. 2000-1 OF THE CITY OF BELMONT
CONTINUING DISCLOSURES**

June 30, 2014

Bond Principal Outstanding - August 1, 2014 \$6,605,000

Balance Outstanding by Fund - August 1, 2014

(surety bond w/
\$1 Ambac no value)

Reserve Fund

Maximum Debt Service Coverage

Year Ending August 1,	Net Taxes	Bond Debt Service	Debt Service Coverage
2004	\$855,013.15	\$328,750.00	2.60
2005	840,459.85	650,000.00	1.29
2006	848,544.45	645,000.00	1.32
2007	856,703.50	642,200.00	1.33
2008	864,937.60	640,300.00	1.35
2009	873,247.39	640,400.00	1.36
2010	881,633.49	640,425.00	1.38
2011	890,096.52	639,925.00	1.39
2012	898,637.11	643,900.00	1.40
2013	907,255.90	642,088.00	1.41
2014	915,953.53	644,163.00	1.42
2015	924,730.64	644,788.00	1.43
2016	933,587.86	639,550.00	1.46
2017	942,525.86	643,738.00	1.46
2018	951,545.28	641,775.00	1.48
2019	960,646.78	638,950.00	1.50
2020	969,831.02	640,263.00	1.51
2021	979,098.65	640,425.00	1.53
2022	988,450.35	644,438.00	1.53
2023	997,886.77	642,013.00	1.55
2024	1,007,408.60	643,438.00	1.57
2025	1,017,016.51	643,425.00	1.58
2026	1,026,711.17	641,975.00	1.60
2027	1,036,493.27	644,088.00	1.61
2028	1,046,363.49	644,475.00	1.62
2029	1,056,322.51	643,138.00	1.64
2030	1,066,371.04	645,075.00	1.65
Total	\$25,537,472.29	\$17,038,705.00	1.50

Special Tax Levy Delinquency Rate - June 30, 2014 0.05% (a)

Status of Foreclosure Actions on Special Tax Levy in Excess of \$10,000 None

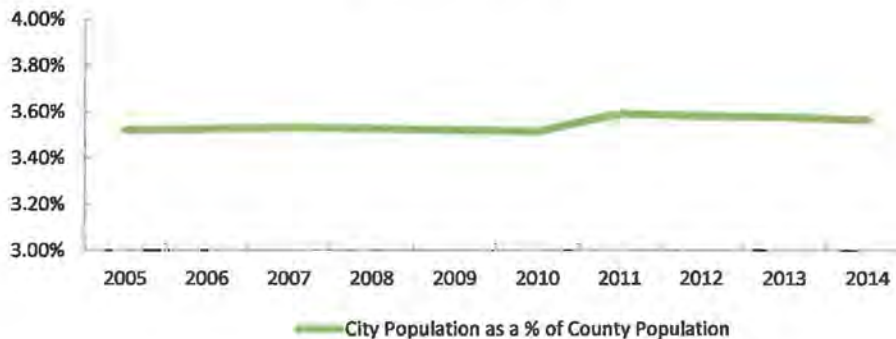
Special Tax Delinquency in Excess of 5% of Total Levy			
Owner	Land Use	Special Tax	Total Special Tax
None	N/A	N/A	N/A

Changes to Tax Rate and Method of Apportionment None

Supplemental California Debt and Investment Advisory
Commission Reporting None

CITY OF BELMONT DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years



Fiscal Year	City Population	Assessed Valuation	San Mateo County Population	City Population % of County
2005	\$25,470	\$3,389,644,468	\$723,453	3.52%
2006	25,364	3,680,850,297	719,655	3.52%
2007	25,897	3,974,645,304	733,496	3.53%
2008	26,078	4,235,656,524	739,469	3.53%
2009	26,250	4,490,171,565	745,858	3.52%
2010	26,507	4,597,984,645	754,285	3.51%
2011	26,031	4,535,821,270	724,702	3.59%
2012	26,123	4,609,144,625	729,443	3.58%
2013	26,316	4,771,116,217	735,678	3.58%
2014	26,559	5,074,906,017	745,193	3.56%
	2008-2012	2006-2010	2005-2009	
Per Capita Income:	\$52,892	\$52,376	\$52,509	
Unemployment Rate:				
Male:	7.57%	6.16%	4.39%	
Female:	5.49%	5.57%	4.72%	
Total Personal Income:	\$103,083	\$99,913	\$98,598	

Source: California State Department of Finance
County of San Mateo Controller's Office
www.usa.com

**CITY OF BELMONT
PRINCIPAL EMPLOYERS**

Fiscal 2013-2014

Employer	Range Number of Employees
ORACLE AMERICA, INC.	565
CENGAGE LEARNING, INC.	338
SAFEWAY STORE	306
SUNEDISON	150
NIKON PRECISION INC.	139
AUTOBAHN MOTORS	120
CARLMONT GARDENS NURSING CENTER	98
JAMES ELECTRONICS, LTD.	84
SILVERADO SR LIVING BELMONT HILLS	73
LUNARDI'S MARKET	73

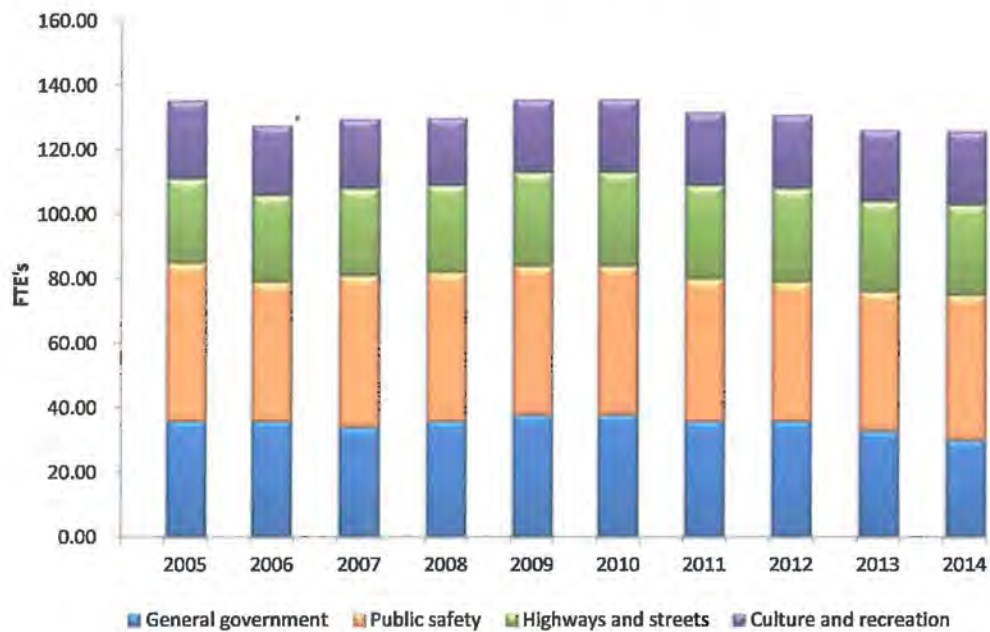
Source: City of Belmont Finance, Business License

Note: Data not available for ranking or total employment, or
for nine years prior.

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CITY OF BELMONT
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years



Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	36.00	36.00	34.00	36.00	38.00	38.00	36.00	36.00	33.00	30.00
Public safety	49.00	43.00	47.00	46.00	46.00	46.00	44.00	42.00	43.00	45.00
Highways and streets	26.00	27.00	27.00	27.00	29.00	29.00	29.00	29.00	28.00	28.00
Culture and recreation	24.40	21.65	21.65	20.90	22.65	22.65	22.65	22.85	22.10	22.85
Total	135.40	127.65	129.65	129.90	135.65	135.65	131.65	130.85	126.10	125.85

Source: City of Belmont Budget FY 2014

CITY OF BELMONT
OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	Fiscal Year Ended June 30			
	2005	2006	2007	2008
Function/Program				
Public safety:				
Belmont Fire Department (established October 1, 2011) (2)				
Fire calls for service				
Annual Fire Inspections				
New Business License Inspections				
Plan Checks				
Police:				
Police calls for service	N/A	23,289	21,505	20,905
Law violations:				
Part I crimes	N/A	2,327	2,140	2,869
Physical arrests (adult and juvenile)	N/A	667	470	521
Traffic violations (1)	N/A	3,471	4,070	2,313
Parking violations	N/A	2,127	2,509	2,735
Public works				
Street resurfacing (miles)	0.2	0.2	0.5	13.8
Culture and recreation:				
Community Services:				
Recreation class participants	N/A	18,757	22,070	26,205
Sewer				
Sewer Connections	8,601	8,601	8,601	8,604
Average daily treatment (millions of gallons) - City only	1.87	1.87	1.87	1.64
Average daily treatment (millions of gallons) - Total SBSA	17.20	17.20	17.20	15.75
Treatment capacity - SBSA (millions of gallons)	29.00	29.00	29.00	29.00
Storm drain inlets	1,500	1,500	1,500	1,500
Sewer main blockages	101	53	4	4

Source: City of Belmont

Notes:

- (1) The Red Light Camera Enforcement began operations in May 2010 and ceased June 2013.
 - (2) Fire services provided through Belmont-San Carlos Fire Department through September 30, 2011.
 - (3) Inspections in harbor Industrial Area (HIA) began in fiscal year 2014.
 - (4) Starting in fiscal year 2013, only developed lots are reflected, stand-by parcels have been excluded.
- N/A denotes information not available.

Fiscal Year Ended June 30

2009	2010	2011	2012	2013	2014
			1,734	2,948	2,585
			192	302	838
			25	50	55
			35	27	122
23,221	23,171	26,568	29,489	28,887	30,087
1,741	1,570	1,215	529	555	495
539	615	539	539	448	575
6,128	3,044	5,420	4,697	4,190	1,360
2,238	1,256	1,908	2,362	2,332	2,732
2	2	0	0	0	0
25,645	28,805	31,580	33,680	35,145	39,605
8,607	8,607	8,607	8,607	7,648	7,653
1.64	1.64	1.64	1.64	1.64	1.64
15.75	15.75	15.75	15.75	15.75	15.75
29.00	29.00	29.00	29.00	29.00	29.00
1,500	1,500	1,500	1,500	1,500	1,500
21	3	2	4	6	3

CITY OF BELMONT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	Fiscal Year Ended June 30			
	2005	2006	2007	2008
Function/Program				
General Government:				
Administration Buildings	2	2	2	2
Public safety:				
Fire stations (2)	2	2	2	2
Police stations	1	1	1	1
Public works				
Miles of streets	70	70	70	70
Street lights	1,087	1,087	1,087	1,087
Traffic Signals	N/A	12	12	12
Culture and recreation:				
Community services:				
City parks:				
Number of developed parks	12	12	12	12
Acres of developed parks	60.10	60.10	60.10	60.10
Number of undeveloped parks	3	3	3	3
Acres of undeveloped parks	26.16	26.16	26.16	26.16
Acres of open space	260.58	260.58	260.58	260.58
Community Buildings	18	18	18	18
Library:				
City Library (3)	1	1	1	1
Water (Provided by Mid-Peninsula Water District)				
Sewer				
Miles of sanitary sewers	85.00	85.00	85.00	85.00
Storm Drains (miles)	27.00	27.00	27.00	27.00
Number of treatment plants (1)	1	1	1	1

Notes:

(1) Provided through the South Bayside Systems Authority

(2) Provided through the Belmont-San Carlos Fire Department through September 30, 2011.

 Belmont Fire Department established October 1, 2011.

(3) The Library is property of the City of Belmont and operated by San Mateo County.

Source: City of Belmont

N/A denotes information not available.

Fiscal Year Ended June 30

2009	2010	2011	2012	2013	2014
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1
70	70	70	70	70	70
1,087	1,087	1,087	1,087	1,465	1,465
12	12	12	12	17	17
13	13	14	14	14	14
60.20	60.20	60.40	60.40	60.40	60.40
3	3	3	3	3	3
26.16	26.16	26.16	29.16	29.16	29.16
260.58	295.58	295.58	295.58	295.58	287.58
18	18	19	19	19	19
1	1	1	1	1	1
85.00	85.00	85.00	85.00	85.00	85.00
27.00	27.00	27.00	27.00	27.00	27.00
1	1	1	1	1	1

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